



In this issue:

- ▶ Taxpayers Face Off Against NHL Subsidies
- ▶ Taxpayers Under Fire From Gun Registry
- ▶ The Race Tax

Sept/Oct '99

TABLE OF CONTENTS

Waste Watch	5
I Love Hockey, But I'm Already	
Paying For it	10
Around the CTF	14
The Race Tax	16
Taxpayers Under Fire From Gun	
Registry	19

Information:

The Canadian Taxpayers Federation (CTF) is a federally incorporated non-profit organization. Our three-fold mission is: 1) To act as a watch dog, and to inform taxpayers of governments' impact on their economic well-being; 2) To promote responsible fiscal and democratic reforms and to advocate taxpayers' common interests; 3) To mobilize taxpayers to exercise their democratic responsibilities. Founded in 1990, the Federation is independent of all partisan or institutional affiliations and is entirely funded by free-will contributions. *The Taxpayer* is published six times a year. For more information write the Canadian Taxpayers Federation at the administration office noted below or phone our toll-free number: 1-800-667-7933. All material in *The Taxpayer* is copyrighted. Permission to reprint can be obtained by writing the administration office. Editorial cartoons are used by permission. Printed in Canada. Member of the Better Business Bureau.

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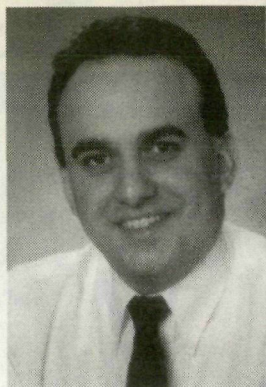
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Troy Lanigan

Troy is the National Communications Director for the Canadian Taxpayers Federation

The opportunity of lower taxes and tax reform can be boiled down to one simple phrase: It's the Spending Stupid.

Have you ever noticed how politicians almost uniformly treat "tax cuts" as a mere policy option to be pursued only *if* budget surpluses are large enough? Newfoundland's Brian Tobin summarized at the premier's conference this past summer: "Every premier supports tax cuts to the extent that we can afford them." In other words, the billions already spent by the federal and provincial governments before any surplus is somehow sacrosanct, off-limits and not up for discussion.

Case in point: Heritage Canada recently spent \$19,000 on a poll asking whether there should be an official insect to represent all Canadians. Cost is one factor. But more important is the reality that a department of government is actually tasked with making these kinds of decisions. Think about this. A group of people living in Ottawa get up in the morning, drive to work and convene a meeting to discuss polling questions on whether Canadians would embrace a national insect.

I would suggest that given a choice between Heritage Canada or its \$2.6-billion budget in tax cuts, Canadians would choose tax cuts by a margin wider than it rejected the national insect.

It's one of a million examples

documented in this publication and in so many presentations your CTF has made before government bodies for nine years.

It's true that tax cuts lead to economic growth and more revenues for government, but that will be eroded over time if spending is not prioritized and controlled – something most governments are loathe to do – especially as we enter the post deficit era with dozens of interest groups lined up to re-invest the "dividend."

Ditto with tax reform.

Provinces "de-linking" their income tax rate from the federal rate has more to do with protecting their bloated treasuries than it does providing relief to their taxpayers.

Earlier I quoted Premier Brian Tobin stating "Every Premier supports tax cuts to the extent we can afford them." It's time to turn that thinking right-side-up: "Every taxpayer supports government spending to the extent they can afford to pay for it!" ■

Editor's note:

The masthead date on *The Taxpayer* has changed to reflect the two months following publication. Therefore, there will be no *Taxpayer* issue dated July/August 1999. This change is being implemented solely to more accurately reflect the current content in the publication and will not result in fewer than six issues.

Letters to the editor

What You Don't Know Will Cost You

(Editor's note: the following letter was received from a former Industry Canada employee. At his request, we have not published his name.)

Initially I had some reservations about writing to an organization that regards government support to industry as corporate welfare. However, I am beginning to realize that subsidizing a small number of corporations is clearly at the expense of many other firms across Canada, and in turn their employees. Having served with Industry Canada, I am convinced that picking winners is often a matter of chance. Moreover, decisions can be strongly biased when corporations benefit from political connections, or when ministers seize the opportunity to further personal or party interests at public expense.

Although considerable effort is being made to convince the public that Technology Partnerships Canada is a business-oriented program, recent approvals indicate the contrary. In terms of who and what will be funded, or how each is justified to the public, the program is clearly out of control. However, department spin-doctors are aided by the fact that taxpayers desperately want to see jobs created, while the particulars of the department's arrangements with these corporations will never be open to

public scrutiny. The recent news release pertaining to a \$33 million TPC "investment" in IBM Canada contains all the latest buzzwords implying it is really a loan, then contradicts itself by saying it is "conditionally" repayable. So has anything really changed?

Taxpayers should be demanding to know why their money is used to further the interest of certain corporations, while most other companies and their employees must fend for themselves. The TPC people are squandering taxpayer funds and detracting from the worthwhile efforts of most other Industry Canada employees. Hopefully, taxpayers will realize that they are being duped, before many more sizable gifts are provided to large, wealthy, and powerful corporations. I would prefer that you don't mention my name, but believe your members should know just what lies behind the news stories.

Name withheld

CTF at Work

I saw Troy Lanigan on TV talking to Greg Cross. I was very interested in what he had to say. So many of us are frustrated by our current taxation policy and yet don't know how to fight it effectively. Please send me info on how to join your organization.

*Sonja Mason
North Vancouver, B.C.*

About the GST

I have just gone through a copy of *The Taxpayer* and it was really informative. Quite an eye opener. Keep up the good work.

I have one question that has bothered me since the introduction of the GST and that is who is keeping watch on the monies that are coming in.

I would like to see some accounting for where these monies are going. Is it actually going towards the debt like it was supposed to?

*Jake Little
Alberta*

(Editor's note: Although the GST was to be used to reduce the debt, that has not been the case. Between fiscal year 1990-91 (the GST was introduced January 1, 1991) and fiscal year 1998-99, Ottawa collected \$140 billion in GST revenues. In 1990-91, the federal debt stood at \$398.5 billion and as of March 31, 1999 it was \$579.7 billion.)

NHL Subsidies

Just a quick note to tell you what a super job you are doing fighting this loopy idea of subsidies for NHL teams. Your analysis has been bang on. These owners have had success beating up local and state governments in the U.S., so now they are moving northward for the kill. Help the politicians understand that they will pay dearly at election time if they decide to give away our money to these turkeys.

The Seattle Mariners will soon move into their new, subsidized stadium. The Mariners agreed to pay all the cost over-runs for the stadium when they signed the agreement with the county and the state. (Taxpayers, not surprisingly, picked up most of the tab for the stadium.)

Now, we discover that the cost overruns are in the neighbourhood of \$100 million. Predictably, the Mariners say that they need the county stadium authority to pick up the tab, despite the fact that they signed an agreement to pick up these costs themselves. If the county does not pick up the cost overruns, the team said they "will have a great deal of difficulty keeping a competitive team on the field in the future." This is a not-so-subtle threat to

Letters to the editor

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THE TAXPAYER

trade or not re-sign all-stars Ken Griffey Jr. and Alex Rodriguez, whose contracts expire next year. (It is expected that it will take a long term deal worth as much as \$125 million to keep Griffey in Seattle for the next 8-10 years.)

Moral of the story — these owners and players are like bears at the campground. If you feed them, they will come back for more, again and again. When you try to stop feeding them, they get very angry. Best to let them find their own food, so they do not become dependent on handouts. Anyone who thinks that a little bit of lottery money will keep these guys happy is living in a fool's paradise. They will simply regard that as a downpayment, and be back for more in a year or two.

*Dennis Prouse
Vancouver, B.C.*

Gas Tax Campaign - Use it or Lose it

(Editor's note: These two letters were sent to Finance Minister Paul Martin as a result of our Gas Tax Honest Day campaign held May 20th.)

Gas tax represents about 50% of the pump price. I am concerned about the small amount of revenue collected that goes back to road/highway construction and repair.

Your comments about the government needing flexibility in allocation (how you spend the money) of these fuel revenues concerns me. The condition of our country's highways is disgraceful. You undermine your government's credibility and integrity when you respond this way. Taxes collected for road building and maintenance need to be spent in that area. Taxes needed for other programs should be collected by other taxation clearly and up-front.

Dedicate my gas taxes to rebuilding Canada's aging roads and cut the excess tax rate from the pump price. Lower gas taxes will improve the productivity of Canada's economy.

*Ken Janzen
Winkler, Manitoba*

I like the idea of a gas tax for road repairs. In Canada's northern climate, frost does as much damage to our roads as traffic. In the last 10 years, federal excise tax on fuel increased by 33%. We use approximately \$20,000 of fuel a year of which 50% is used on the job-site and not on roads. I am very disappointed that Ottawa only spends 5% of its share of gas taxes on Canada's deteriorating roads.

My point is USE IT OR LOSE IT. If you lose it, Canadians would have more money to spend and boost the economy. If you use it on our roads it would be great and Canadians would not mind paying the tax.

*Art Kroeker
Winnipeg, Manitoba*

Letter to Finance Minister Paul Martin

I write this letter, because I believe the voice of Canadians must be heard above the clutter of lobby groups and special interest voices in Ottawa.

Mr. Minister, how much of a tax burden do you expect the citizens of this country to bear? Does the relative under-performance of the Canadian economy not concern you? Are you convinced that the success of the US economic engine is unrelated to the less onerous tax burden and regulatory burden imposed by their government?

I was called to the bar in British Columbia and lived through the initial years of Glen Clark's regime and watched him lay waste a provincial economy that would still likely have suffered, but to a much lesser degree. I came to Toronto to join the financial industry and have watched again as Ottawa opted for tax cuts aimed primarily at low-income earners. If you cut the taxes for higher income earners for a change (and started easing the onerous burden of surtaxes), you might actually find that business investment in this country would increase. Do the right thing for a change and stop looking for the politically expedient thing to do.

*Frank Cantoni
Toronto, Ontario*



WASTE

Three to One

The Canada Information Office (CIO), located in Ottawa, may make the Leaning Tower of Pisa look a bit blasé in comparison. Of the two, the CIO is clearly more top heavy.

This little known federal office was set up shortly after the last Quebec referendum. It is responsible for informing Ottawa on issues related to national unity particularly as it pertains to Quebec and referendums.

According to an Access to Information request made by the *Ottawa Citizen*, this agency has 11 managers and only 30 employees. This ratio of three to one compares to the 10 to one ratio (and higher) found in the rest of the federal government. The salaries for these CIO executives range from \$74,000 to \$158,000 a year.

Ottawa Citizen

Expensive Potato Wine

A couple of years ago the Saskatchewan government got into the potato business. The province provided nearly

\$30 million to the Diefenbaker Potato Corporation (DPC). Three months after DPC received the final handout it went into receivership.

Provincial taxpayers are on the hook for millions of dollars in losses. But the story doesn't stop there.

There were tons of unsold potatoes sitting around. The obvious thing to do was sell

them. Instead, it was decided to dump a significant portion of them in a pit near Lucky Lake, Saskatchewan. With one of the rainiest springs on record, the pit quickly filled with water. Then came the heat. Presto, the potatoes fermented and soon there was a lake full of potato wine. And the seagulls were drunk to prove it. So many people complained about the smell that the Saskatchewan Environment Department was called in to investigate. No indication yet if the Saskatchewan government will kick in money for a new wine business.

CTF files & Saskatoon Star Phoenix

Subsidy Destroys Subsidy

For the past seven years, Dr. Scott Wilson a professor at the University of Regina studied the impact nitrogen and other types of soil disturbances had on native prairie soil. This involved setting aside 2 hectares of prairie land for study. Taxpayers had kicked in approximately \$1.2 million for this research.

Meanwhile, along comes another government subsidized project -- the Petroleum Research Centre. This project is funded by SOCO (the Saskatchewan government's slush fund for business) and Ottawa's Western Economic Diversification. Guess whose land they decided to use.

Dr. Wilson went to the taxpayer-subsidized court to try to stop the taxpayer-subsidized Petroleum Research Centre from destroying his taxpayer-subsidized prairie land.

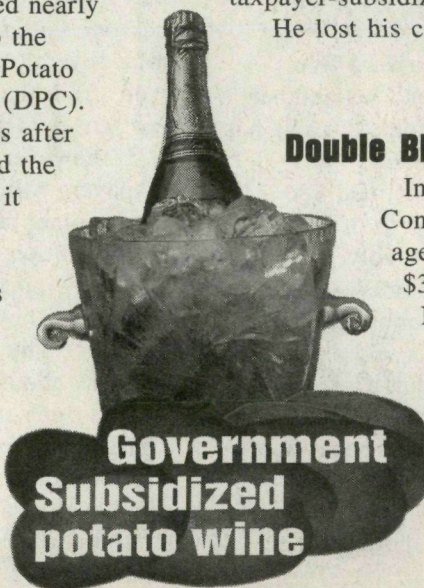
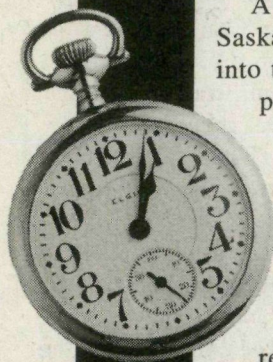
He lost his case.

CTF files & the Leader Post

Double Billing, Double Pay

In 1996, the Atomic Energy Control Board (AECB), a federal agency, sent a cheque for \$36,052.58 to a company in Nepean, Ontario called Digital Paradise Inc.

The cheque was cashed and everything seemed fine until about a month later when AECB received a second bill from Digital Equipment Canada Ltd.



WASTE



claiming it had not received payment for its outstanding bill of the same amount. The Atomic Energy Control Board had paid the wrong company.

No problem, just ask for your money back. Well, that's when things got a bit tricky. Digital Paradise was in a bit of financial difficulty and couldn't pay back the full amount right away. The company agreed to make regular payments.

In November 1998, after having only paid back \$10,000, Digital Paradise declared bankruptcy -- proving yet again that business subsidies, no matter how they are given, simply don't work.

Fast forward five months and yet another story unfolds. Ottawa has done it again.

The feds paid \$80 million worth of bills twice. This involved 9,418 vendors receiving two cheques doubling the amount they were supposed to receive. Perhaps the scariest part is that a second person actually went through the cheques to make sure they were

right. Scarier still, Ottawa issues about 700,000 cheques a day.

The federal government notified the

businesses of the error and expects all the money to be repaid. Yeah right.

Globe and Mail & National Post

Can't Get Fired In Jail

Few taxpayers realize that Ottawa pays prison inmates up to \$6.90 a day for doing odd jobs around the jail. Inmates who refuse to work still receive at least a dollar a day. Little money to be sure, but it

allows them to make purchases at the canteen.

Over the past few years, prison wardens have refused to pay prisoners any money at all if they were suspended from work programs for disciplinary problems. It was one way they had to reinforce good behaviour.

It appears, however, that this will all change. This fall, Ottawa is expected to pass a law requiring all prisoners to get money -- unruly or not. Apparently, prison bureaucrats don't want inmates to feel bad about themselves while in jail for criminal behaviour.

Globe and Mail

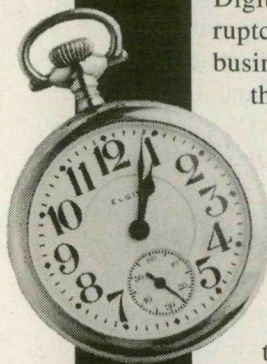
Fattening up the Cabinet

When ex-B.C. Premier Glen Clark reduced his cabinet from 19 members to 16 a few years back, he claimed it would save \$70 million. The cabinet has increased from 19 to 22 (it crept back up after several cabinet shuffles). There is still no word from the Premier's office if this will now cost an extra \$70 million.

If, however, the cabinet names are any guide, taxpayers will be lucky if \$70 million is all the new cabinet members cost.

In addition to being in charge of photo-ops the Premier's portfolio is now responsible for "youth." (They're all fleeing to Alberta Mr. Premier). The Attorney General must now worry, not only about the law, but "multiculturalism, human rights, and immigration." Moe Sihota is in charge of -- wait for it -- "Social Development and Economic Security." Can the Ministry of Full Employment and Happiness be far behind?

But perhaps the weirdest new cabinet post is



WASTE

"Community Development, Co-operatives, and Volunteers." Huh? We thought volunteers co-operated in communities, er, voluntarily. Only in BC could a government think it must direct volunteers.

CTF files

CBC Needs a Diet

This year, the Canadian Broadcasting Corporation (CBC) will receive 903 million of your tax dollars. This is up from the \$844 million it received last year, but down from the CBC's hey day a few years back when it received over \$1 billion.

The cuts resulted in so much bleeding

and whining one would think ole Mother Corp was in her death throes. Not quite. The Banff Television Festival held this past June paints a much different picture. In contrast to CTV which sent 11 representa-

tives and the Global TV Network which sent three, CBC had 50 at the festival.

Over half the CBC employees, 26 in total, stayed at the expensive Banff Springs Hotel where rooms average \$570 a night. Fortunately, CBC managed to get the conference rate of between \$315 to \$360 a night. Nevertheless, a couple of employees still got \$500-a-night

rooms.

Jim Sward, the president of the Global TV Network, was stunned by CBC's contingent and thought his three attendees was a bit extravagant.

National Post & CTF files

Foreign Aid Going Awry

Many wonder if the foreign aid Ottawa pours into other countries actually reaches the people it's destined for.

Well, a leaked report on the spending of the

Cambodian Mine Action Centre (CMAC) may help answer this question. Ottawa helped set up CMAC in 1992 to remove land mines in Cambodia. Ottawa gives CMAC about \$2 million a year and currently has seven military personnel helping the organization. To date, taxpayers have provided CMAC about \$7 million in financial assistance.

The report shows that, instead of removing mines from the land of destitute Cambodian farmers as it was

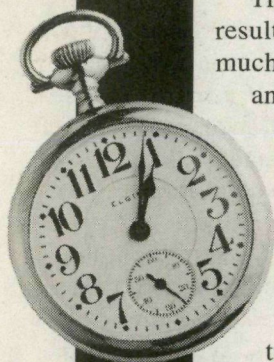
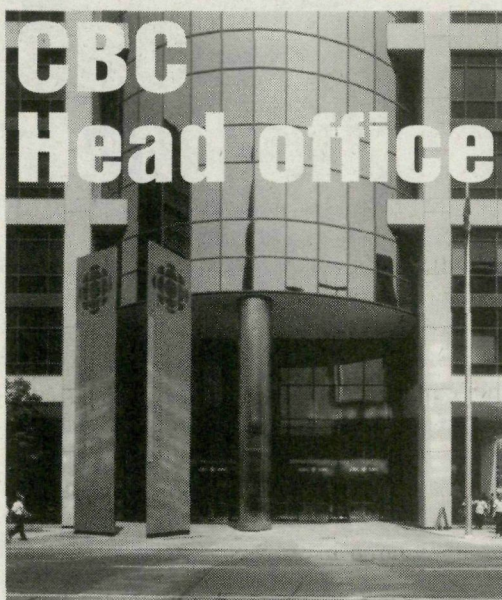
intended, the agency is removing mines from the property of government officials, well-to-do businessmen and even military personnel. The report indicated that approximately \$2 million US had been spent illegally. This included \$500,000 US spent on removing landmines off the property of a former colonel in the Khmer Rouge and a close friend of the Cambodia president Han Sen.

National Post

Shellfish vs. BC Ferries

Chalk up another public relations disaster for former B.C. Premier Glen Clark's "fast" ferry project. The new vessels have a foe: marine life. The sanitary water intake brought in for the toilets became clogged with mussels.

Unlike older ferries, that zapped problematic



WASTE

marine life with an electrical current, the new ferries' intake system allows water to flow through on the assumption that the "fast flow" wouldn't allow marine life to stick. On the day of the latest ferry folly, passengers on both sides of the Georgia Strait waited up to eight hours while the mussels were scraped out.

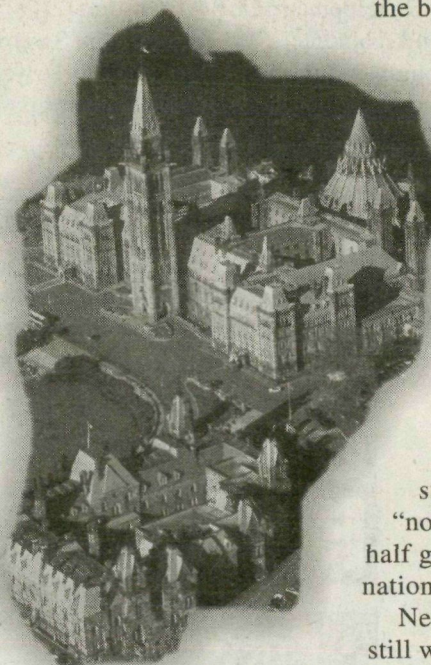
To re-cap, the three fast ferries the former premier originally claimed would cost \$210 million "right down to the toilet paper" are now at \$400 million and counting. They've had to reduce both their speed and the number of cars they can load, and now an ocean-going ferry that traverses marine waters can be stopped dead by — well — marine life. If BC Ferry ever decommissions a ferry, they might first consider re-christening it "The Spirit of Glen Clark."

Vancouver Province

Copps Strikes Again

Well, Sheila Copps and her Canadian Heritage Department have struck again. Not satisfied with wasting tax dollars on lesbian porno films and Dumb Blonde Jokes, Copps tried a different approach.

Her department just spent \$19,000 on a national survey to find out if Canadians would embrace naming a national insect. Apparently



the beaver and maple leaf no longer cut it as national symbols. They also questioned Canadians about the possibility of an official bird and flower. These type of symbols, Ottawa argues, provide a sense of "social cohesion."

To show you just how out of touch with average Canadians the government really is, 84% of those surveyed gave a resounding "no" to the bug and well over half gave their disapproval to the national flower and bird.

Nevertheless, Heritage Canada still wants to name a national insect. So in the spirit of social cohesion, may we suggest the maggot as Canada's national insect. Why would this be such a good choice you ask? Well, it's the bug most commonly associated with waste.

Southam Newspapers

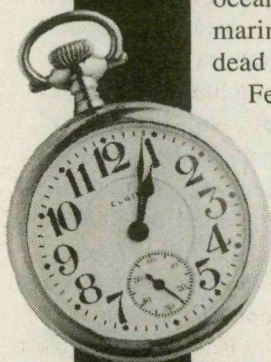
Senate Sissies

This past March, the CTF bestowed upon the department its highest award for a government waste: a federal "Teddy." Now, Canada's Auditor General has announced he will investigate how the cost over-runs got so out of hand.

We are talking about the federal Public Works abysmal efforts to renovate the House of Commons. Originally budgeted at \$450 million, the costs are now expected to double or even triple.

Take the underground tunnel that Public Works decided to build for Canada's sissy Senators so they would not be exposed to the elements. It will connect the Centre and East Block on Parliament Hill.

Initially the tunnel was to cost \$1.4 million. Now we discover that this price didn't include the marble flooring, the oak panel ceilings and doors. Neither did it include the brass elevator which will transport the senators one whole floor down to the tunnel.



WASTE

**DON'T LET
MERCILESS OLD
MEN HAVE FUN**

Canada's National Art Gallery purchased this piece of so-called modern art in 1985 for \$20,000 US. It was done by American artist Jenny Holzer and is entitled UNEX Sign No. 2.

(As an aside note, the Senators already have an aerobics instructor paid for by taxpayers. Walk the stairs boys and girls and we can fire the instructor.)

The latest estimate for the underground corridor is \$3.6 million and counting. It will clearly be the Taj Mahal of tunnels and a lasting legacy of government waste.

CTF files, Calgary Herald & Ottawa Citizen,

strategy won't work is the choice for sign placement in southern Ottawa. A big Canada wordmark now adorns the Revenue Canada taxation centre. This one needs no explanation.

Globe and Mail

Wish You Were There

A six year old did what has undoubtedly crossed the mind of many Canadian taxpayers: He destroyed a piece of so-called "modern art" at Canada's National Art Gallery.

The little guy was visiting the museum with his family this past spring and decided to climb onto a table to see what was on top. This set off a chain reaction sending three tables smashing into the floor. What he had climbed on was a piece of modern art the Gallery had purchased in 1997 for \$35,000. It consisted of three tables connected with a wire that looked like a snake.

Gallery officials were upset. The piece would have to be repaired. But the money may not have been the real reason for the anger.

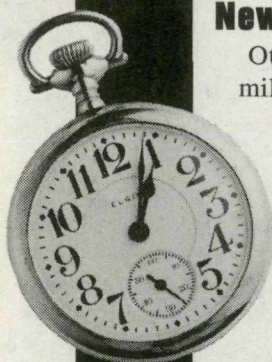
Initially, the broken "artwork" was roped off forcing visitors to walk around it. One quipped, "I wouldn't even have known it was destroyed. That is not meant to be a criticism either." Another said, "I don't know how the original piece looked, but the way it stands now, it doesn't say anything to me." Well, it says something to taxpayers. Think of the flush of a toilet.

Ottawa Citizen

New Advertising Signs

Ottawa plans to spend \$1.7 million to "double the number of brightly lit Canada signs on top of federal buildings across the country." The feds have already dropped a cool \$1.6 million plastering some 60 or so federal buildings with these signs.

As part of a "millennium phase", another 57 buildings are slated for illuminated logos. A quick glance around Ottawa points to the lunacy of this strategy. A big Canada sign now adorns DND headquarters downtown. If only the feds could find a way to spend money inside the building on decent salaries and equipment for our forces personnel. But the ultimate proof that this "brand loyalty"



I Love Hockey, But I'm Already Paying For It

Cover story

by Walter Robinson

He shoots, he scores. Il tirs, un but. Whether it is in English or French, these four words make any hockey loving Canadian feel at home. It doesn't matter if I'm visiting my in-laws in Quebec or staying over on a Saturday night in Regina to catch a cheap flight back to Ottawa, I always feel at home in front of a TV set with an NHL game on the tube.

So yes, I love hockey, but no, don't give our NHL owners any special subsidies, lottery funds or tax holidays. By now most Canadians are aware of the plight of our Canadian NHL franchises and the fact that our high taxes combined with a low Canadian dollar is damaging their bottom line. So they came cap-in-hand to the government this past summer looking for tax "fairness" and discussed everything from better tax treatment to dedicated funds from lottery revenues. All these proposals are way offside.

And before our MPs – led by the Minister for Corporate Welfare, John Manley – jump to the rescue, they should look at the arguments in favour of taxpayer support for pro-sports franchises. They are not based on economic facts.

Argument #1:

If we lose hockey, we'll lose all the taxes that hockey generates for government coffers. Wrong. The money that you and I spend on hockey is disposable income. If we don't buy tickets to the game or beers in the stands, we won't throw our money into the fireplace. We will spend it elsewhere like, the movies, the mall, the golf course, junior hockey, and so on ... it will still find its way into government revenues. It's a simple economic principle called the "substitution" effect.

Argument #2:

We're not asking for tax breaks, we're looking for tax fairness. Other industries receive favourable tax treatment, why not professional sports? This is the "all my friends are

jumping off the bridge so I should too" approach to public policy. Collectively, our governments have a brutal record in industrial policy and always pick more losers than winners. We have already flushed billions down the drain in industry specific relief and credit programs; we don't need to repeat our abysmal record of government playing financier and venture capitalist. Tax relief yes. But tax relief for all Canadians.

Argument #3:

The presence of pro-sports teams is measurable and their loss would have substantial local economic impacts. Wrong again. Studies from respected think tanks consistently come to the same conclusion: professional sports franchises and sports stadiums have a negligible economic impact on local economies.

Who's guarding



the taxpayers' net?

THE TAXPAYER

The most compelling of these was a 1994 study by Professor Robert Baade from Lake Forest College who studied 48 cities over a 30-year period. Of the 32 cities that saw a change in the number of sports teams, 30 saw no change in per capita income while the one saw a slight rise and the other, a small decrease.

Argument #4:

Hockey is our game and we should to step up to the plate with taxpayer dollars. Taxpayers are already doing their fair share! All those corporate boxes and company-owned seasons tickets are nice business development tax write-offs, partly courtesy of the Canadian taxpayer. And in Ottawa at the Corel Centre, the Government of Canada has logos on the inside and outside of the building. Then there's the taxpayer-funded advertising by Canada Post, Via Rail, and the Royal Canadian Mint. Finally, let's not forget the CBC television revenues paid to teams ... courtesy of Joe and Jane Q. Taxpayer.

Argument #5:

Let's use lottery revenues, these are a voluntary tax and besides, sports betting lotteries are using our intellectual property such as logos and schedules.

Not so fast. The government should not be in the business of redirecting taxes (be they compulsory or voluntary) to any private enterprise in the form of corporate welfare. If we are going to walk this road, let's direct voluntary taxes to other priorities. How about extra lottery proceeds earmarked for reduction of our \$580 billion national debt? Or what about an extra nickel or dime on a 6/49 ticket for more MRI machines in Canadian hospitals?

In Ontario, we could add 50 cents to the price

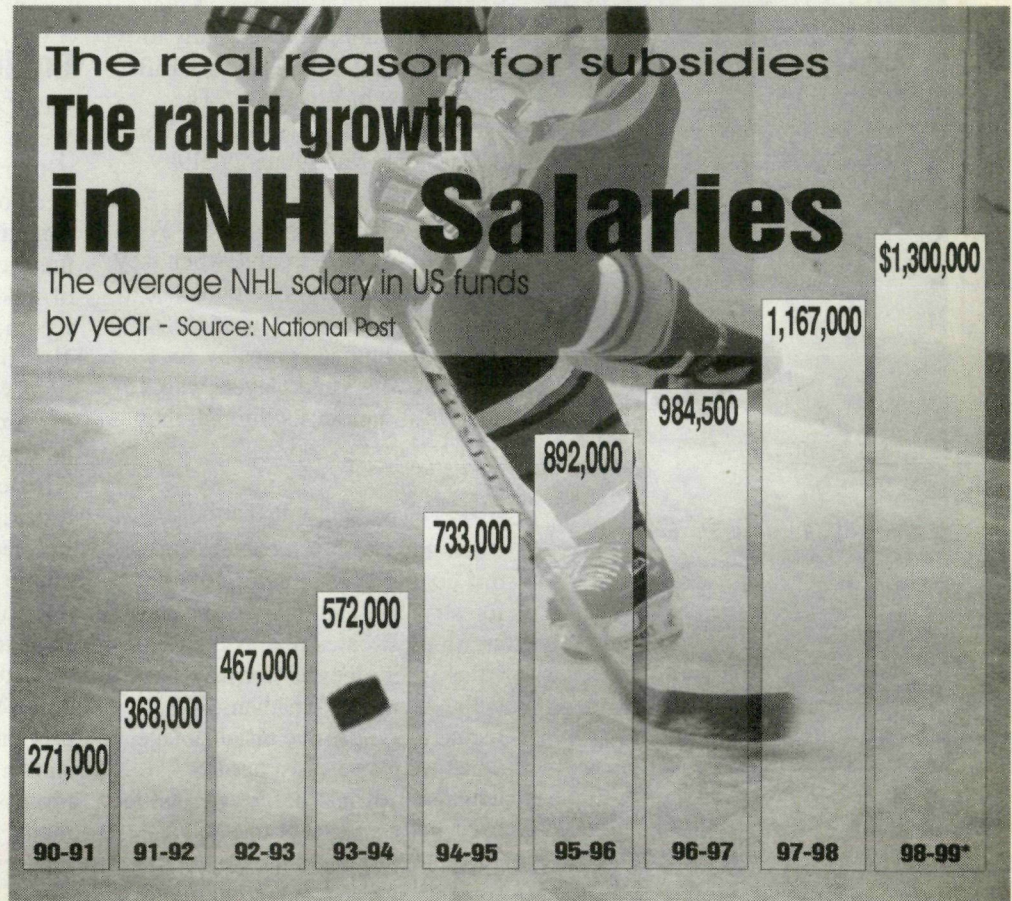
of a Daily Keno ticket to help the Toronto Transit Commission buy new subway cars and buses. How about a surcharge on Blackout Bingo tickets in Alberta to reduce the remaining provincial debt? We could even ask the provinces to set up a lottery to bail out the unfunded liabilities in the Canada Pension Plan.

As for intellectual property arguments, it's funny how sports lotteries have been around for years but only recently has the NHL thought to raise this issue, hmm?

Pro-hockey is not a public good and we should not let civic pride or our 'love of the game' get in the way of this fact. No public dollars, no matter how they're collected, should be given to 22 year-old millionaires on skates or their equally affluent middle-aged bosses.

The NHL has a variety of problems that only it can solve. Runaway player salaries (a 407% increase in eight years) which continued this summer with a rash of lucrative free-agent signings and a structure which artificially depresses the supply of franchises to keep cities in a perpetual bidding frenzy for new teams.

If MPs buy into the flawed arguments for justifying government help then we should give them a game misconduct and bench them for interfering with our tax dollars. ■



NHL Subsidies

Robinson debates Mills



Walter Robinson
handling calls on
talkradio

Every day CTF representatives appear on talkshows across the country. In many instances, CTF representatives are pitted against politicians, interest group heads and talkshow hosts who argue for more spending and higher taxes. The following transcript highlights an exchange between CTF federal director Walter Robinson and Liberal MP Dennis Mills (who doesn't take kindly to Walter's points) on CKNW's Bill Good Show in Vancouver. The subject was hockey subsidies. The debate took place June 29, 1999.

Good: Canadians love hockey, but they just have trouble when they feel overtaxed, and overburdened with healthcare and education concerns, finding sympathy for hockey owners and players who've ... driven their costs through the roof.

Mills: The reality is that hockey is an industry, it is a business in this country, like mining, like forestry, like automotive, and they are in most cases real assets to the cities where they perform. What we're saying to Canadians, we're facing a competitive disadvantage, when we play against our US counterparts, and before we just let everybody go except maybe Toronto, we should have a good solid debate and figure out creative

ways, without giving subsidies, without giving tax breaks, on how we can keep these smaller market teams in Canada.

Good: OK, Walter Robinson, the hockey establishment insists it provides hundreds of millions of dollars in tax revenue to various levels of government. If we lose NHL teams, don't we all lose?

Robinson: The money we spend on professional sports. We're not raiding our RRSP's or withdrawing our life savings to go to a hockey game — although sometimes people might think they're doing that given the price of tickets — its disposable income and its simple Economics 101, the substitution effect.

If you don't spend it supporting professional sport, it will find its way into the economy in some other endeavour. You're not throwing the money in the fireplace, and indeed, that economic activity will generate itself into those same tax revenues ... Industry Canada's website [has] two studies which say specifically that. The pre-eminent sports economists ... have clearly shown that the presence of a professional sports franchise in a major metropolitan area has a negligible economic impact. There's no increase in per capita

THE TAXPAYER

income, taxes paid, or even gross sales ...

Good: But those great free enterprisers in the United States subsidize the hell out of their football, baseball, and hockey teams.

Robinson: Yes they do Bill, and you know ... [the] mayor in Cleveland for example [said] 'We should have just given everybody \$80,000, it would have been better than building a stadium,' because the economic benefits of these things are so few, to some very specific industries ... the construction industry ... then we have a very skewed [income] distribution to some high-paid owners, high-paid athletes and the rest of the jobs are mostly part-time, low-wage, low-skilled. That's not the type of economic development strategy you want government to foster ... on a long-term basis.

Good: Dennis Mills. Go ahead before we break.

Mills: Well Bill. I uh, I have never, been on an interview in my entire 20 years of working in Parliament Hill where I have seen such a, ah, where I've had such an experience, so, *never* invite me on your show again if this guest is going to be there. I'll see you later.

Good: Ah Dennis. Please stand by, because people do want to talk to both of you and you can explain, when we come back, why you're so upset with Walter Robinson or perhaps with me

(After the break)

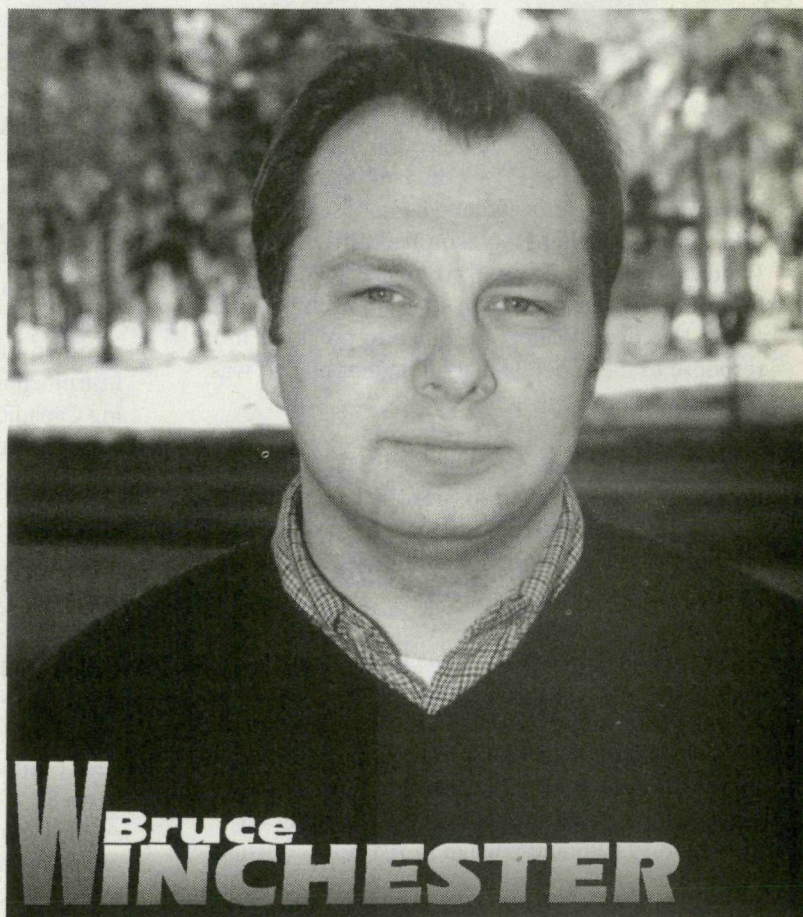
Good: As we went to break, Dennis Mills was expressing some anger and frustration at the way the program was being conducted so far. Mr. Mills, when you're speaking, I put Walter Robinson on hold, when he is speaking, I put you on hold, so

you that you won't talk all over each other, but I try to give you both a fair say - what is your problem?

Mills: Well, Bill, my problem is the following ... I have been promoting for years that we must radically reform and flush out all the tax preferences and loopholes in this system. But until the political leadership evolves to a point where we can do that, there are industries that come along from time to time, where we explore the possibility of the Tax Act - like the motion picture industry, like automotive, like mining, etc. etc. — and I just don't

think because the National Hockey League has as its star cast, hockey players who average a million dollars a year ... we should ignore that industry when over five years it puts a billion dollars into the treasury, not to mention what it does in terms of our national psyche.

Good: Alright. A lot of people are on the line wanting to talk to you on this. I think you've had a fair shake, and I think you will have had a fair shake when the hour is up. I'm going to send you a tape. You can review it, and then you can make your decision as to whether you come back. ■



Bruce Winchester joined the CTF in March as Director of Research. Bruce has an academic background in political science and public policy. Before joining the CTF, he worked for a municipal councillor in Ottawa. Bruce is active in his community and has a keen interest in citizen initiatives and democratic development. Welcome aboard Bruce.

AROUND THE CTF

Each year CTF offices handle hundreds of media interviews and inquiries, hold press conferences, make presentations and issue regular news releases, commentaries and reports to advocate the common interest of taxpayers. Here is a sampling of a few of the items we addressed in May, June and July 1999.

May

- **ONTARIO:** The provincial election heats up with the Liberal's quoting CTF criticism of Premier Mike Harris in one of its television ads. Earlier, CTF director Walter Robinson had criticised the Premier for not honouring his signed pledge to bring in taxpayer protection legislation in his first term. However, Walter was quick to point out in response to the Liberals that an unkept pledge was better than no pledge at all!
- **MANITOBA:** After a very public CTF campaign Premier Filmon gives in to pressure announcing that public hearings would be held before nationalization of the province's natural gas utility went forward.
- **BRITISH COLUMBIA:** In his final public appearance, outgoing CTF-BC director Troy Lanigan speaks to a Have You Had Enough Yet? rally in Nanaimo where a cabinet minister and supporters of the NDP government shout down speakers, grab the microphone, pull the plug on the sound system and engage in fist fights outside the arena.
- **SASKATCHEWAN:** After repeated urging by the CTF, Finance Minister Eric Cline announces the appointment of a tax review committee that will tour the province and make recommendations on reform of the province's income tax system.

THE VANCOUVER SUN EDITORIAL Goon squad shows NDP's desperation

When NDP supporters broke up an anti-government rally, they signalled an end of rational debate to defend the government record. And then Joan Smallwood mentioned character.

As goonery goes, it was a very mild and diluted form of goon squad that tried to break up the Total Recall meeting last Thursday in Vancouver. Members of the goon squad were seen in the crowd, shouting and trying to disrupt the meeting.

to taxes with a mere fraction of that being returned to road construction and maintenance.

- **NATIONAL:** News conferences in front of gas stations in Ontario, Alberta and Manitoba mark the first-ever Gas Tax Honesty Day to raise awareness of government tax gouging at the pumps. On average, 54% of the pump price goes to taxes with a mere fraction of that being returned to road construction and maintenance.
- **ALBERTA:** Radio talkshow host Dave Rutherford is presented with the CTF's Tax Fighter of the Year Award. The award is presented to an individual who has shown a long standing commitment and dedication to the cause of taxpayer emancipation. Stated federal director Walter Robinson: "Dave Rutherford has consistently stood up for the average taxpayer ... he has been instrumental in educating Canadians with respect to the amount of tax we pay and where that money is going."
- **SASKATCHEWAN:** The CTF releases findings of a commissioned study that show the province's crown corporations racked up \$2.5-billion in profits between 1991 and 1997. A 48% annual rate of return for the period is more than double that of the Royal Bank's! Director Richard Truscott declares the profits a hidden and regressive form of taxation totalling nearly



Dave Rutherford receiving Tax Fighter of the Year Award

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\$2,000 for the average family of four.

June

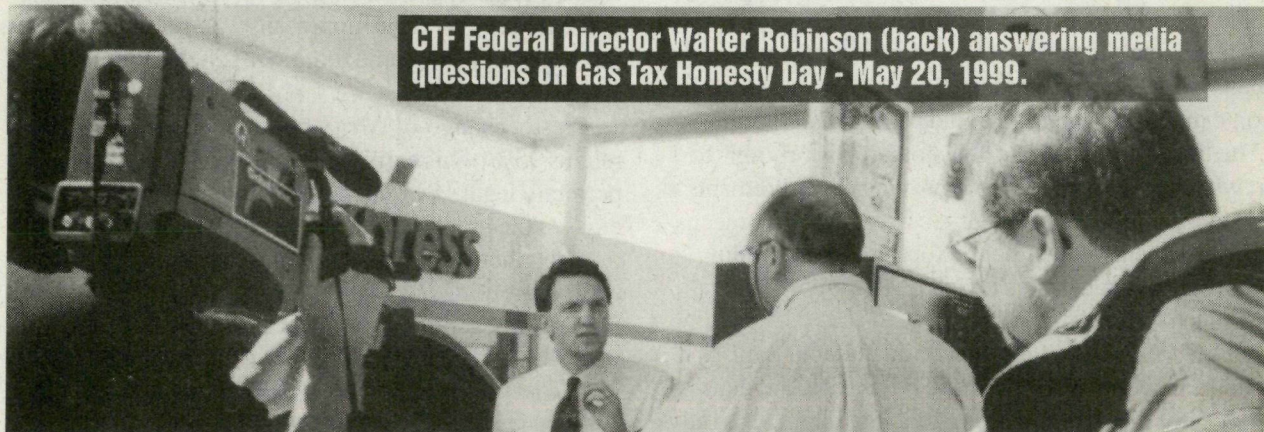
- **MANITOBA:** The CTF makes a formal presentation to the province's Public Utility Review Board opposing nationalization of the province's natural gas utility.
- **FEDERAL:** The CTF quickly reacts to proposed changes to the Canada Elections Act that would re-impose a "gag law" restricting the ability of citizen and citizen groups from advertising their opinions during election campaigns. The CTF has fought similar restrictions on free speech in the past and commits to do so again.
- **NATIONAL:** Troy Lanigan and Walter Robinson meet with the editorial board of the *National Post* in Toronto to discuss CTF issues and priorities. It is the first time the CTF has been invited to meet with the editorial board of a major national daily.
- **ALBERTA:** As part of the ongoing campaign to stop government gouging at the gas pumps the CTF's Alberta division set-up an information booth and collected petitions outside Commonwealth Stadium prior to the *Eskimos* season opener. The effort garnered hundreds of signatures and tremendous media coverage.
- **NATIONAL:** While stakeholders in professional hockey from owners to government met in Toronto for a "Hockey Summit", the CTF reiterated its opposition to taxpayer subsidies for NHL teams. "A Just Say NO to hockey subsi-

dies" kit was prepared and distributed to MPs on Parliament Hill.

July

- **NATIONAL:** CTF offices across the country react to "Tax Freedom Day". "It's ironic that Tax Freedom Day occurs July 1st," stated CTF federal director Walter Robinson. "When taxpayers are enjoying our national holiday they can raise their glasses in relief knowing that they are finally working for themselves."
- **FEDERAL:** The CTF continues to earn headlines across the country opposing corporate welfare. Several assistance packages announced over the summer included \$154-million to Pratt and Whitney and \$33-million to IBM Canada.
- **MANITOBA:** About 60 frustrated residents of the Lake St. Martin First Nations arrived at the CTF's office in Winnipeg after a three day protest March. The residents are upset over allegations of band corruption and have given up in taking their protest to government. During a press conference CTF director Victor Vrsnik demanded independent audits of federal government grants to reserves.
- **BRITISH COLUMBIA:** Director Mark Milke publishes two opinion pieces, one on possible NHL hockey subsidies for the *Vancouver Sun*, and one in the *Vancouver Province* on the BC government's penchant for spin doctoring and their addiction to high taxes and a growing debt. The new BC Finance Minister responded one week later with an opinion of his own attacking the BC Director and the CTF.

CTF Federal Director Walter Robinson (back) answering media questions on Gas Tax Honesty Day - May 20, 1999.



The Race Tax



by Mitch Gray

You may not have realized it yet, but Canada's tax system, and the country itself, is on the verge of chaos. A melodramatic statement?

Not in light of a recent tax ruling from the Federal Court. The ruling, for all intents and purposes, exempts natives connected with a reserve from paying income tax, period.

Under the Indian Act, income earned on reserves by natives living on reserves is tax-exempt, but off reserve natives are taxed like everybody else. Now Madame Justice Sharlow has said that natives living and working off reserve are also income tax exempt.

At issue is the practice where off-reserve Indians work "on contract", their salaries paid through a reserve-based employment agency that "leases" their services to off-reserve employers. The specific court case involved Rachel Shilling, a native living in Toronto and working for a social service agency. Her \$47,000 salary is funnelled through an employment agency called Native Leasing Services on the Six Nations Grand River reserve. The judge concluded that since her salary is through a reserve-based company, Ms. Shilling could, as a status Indian, avoid paying any income tax.

The bottom line is that it is now perfectly legal for most aboriginal Canadians (excluding Inuit, Metis or Indians whose bands have no reserves) to launder their income through reserves to avoid paying tax.

The implications of this decision are disturbing. To start with, Canada's federal and provincial governments stand to lose millions of dollars in revenue. That means that governments will either be forced to cut spending or, more likely, raise taxes levied on non-aboriginal Canadians – in effect, a tax on race.

Now a "race tax", as repulsive and undemocratic as it might be, may not bring down the pillars of Canadian society. But there is something that just might. It's only a matter of time before natives living off reserves catch

on to the fact that this little laundering scheme has much greater potential.

Let's just say, for example, that a so-called "non-Indian" (let's call him Mr. X) wanted to get in on the action. Suppose Mr. X contracted a tax-exempt Indian to do some off-reserve secretarial work for him. Mr. X pays his Indian contractor 100% of his company's annual income. Mr. X then writes this off as a business expense, reducing his taxable income to zero. His Indian contractor friend, feeling sorry for Mr. X's sad financial plight, gives him a non-taxable gift of 95% of Mr. X's original annual income. The Indian contractor doesn't really need the money anyway because he or she has been doing the same thing with dozens of other companies.

Presto, change-o! Mr. X has paid no tax and still retains 95% of his earnings. Not a bad deal, and all perfectly legal. I wonder if this little scenario ever crossed the omniscient mind of Justice Sharlow. The race tax, then, might just turn into the chaos tax, with everyone opting out of the system.

The only solution to this mess is, of course, to return to the days when all Canadians were equal before the law. That means eliminating the racism of the Indian Act, repealing Justice Sharlow's decision, and lowering the tax burden for all Canadians. ■

Indian Court Case Opens Door for Tax Dodge Schemes

by Richard Truscott

A federal judge recently ruled that Indians living and working off-reserve may be income tax exempt. Prior to this, the exemption under the Indian Act was only given to natives living and working on a reserve.

Taxpayers will be outraged by the legitimization of this tax dodge and the extension of race-based tax laws. But let's look on the bright side. It suggests several innovative strategies to help avoid the taxman.

(The following is tongue-in-cheek, and is intended to show the absurdity of this court decision. Do not try this at home.)

Tax Dodge Strategy #1

Sign up with a reserve-based employment agency to launder your income. Check family tree for native ancestry (optional).


Tax Dodge Strategy #2

As indicated by Judge Karen Sharlow, "the most important factor to take into account in determining the location of Ms. Shilling's employment is the location of her employer... Her employer is located on a reserve, which favours the conclusion that her employment income is located on the reserve."

So if you work for a U.S.-based company, pay U.S. tax rates. Even better, get a job with a company from an oil-rich country where they don't pay any income taxes. Viva Kuwait!

Tax Dodge Strategy #3

Rachel Shilling who brought the case before the court argued that living and working on a reserve is not a prerequisite for tax exemption. What should matter, she said, is whether she "maintains relationships with native



Have
you
checked out our
web site

www.taxpayer.com

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people and to her native community," is an accepted member of her reserve, identifies herself as a native person and works for the benefit of natives. If you live outside Ontario claim that you maintain relationships with Ontarians, are accepted as an Ontarian, identify yourself as an Ontarian, and work for the benefit of Ontarians (don't we all). Therefore, you should pay Ontario's lower income tax rates.

Tax Dodge Strategy #4

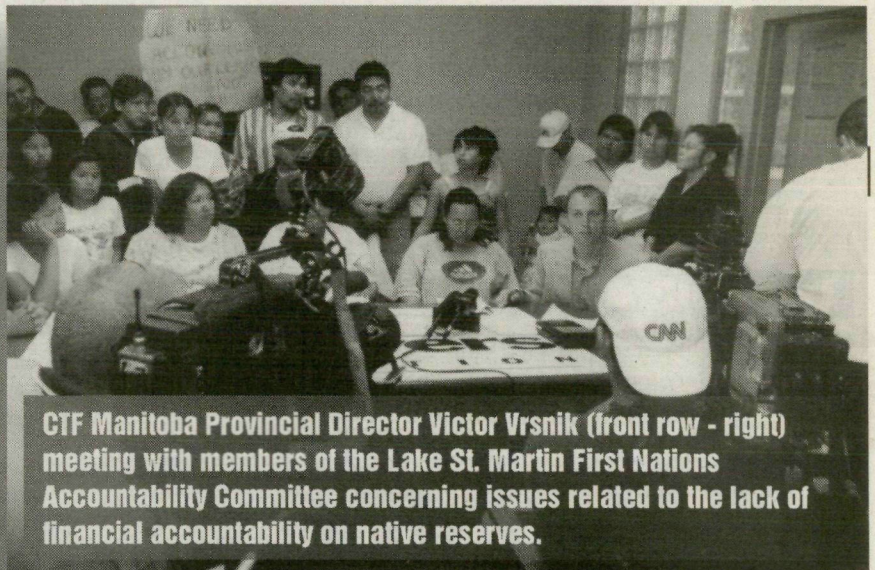
Ms. Shilling argued that the requirement to live on a reserve to get the tax exemption "discriminates on the basis of where she lives" and therefore violates her

rights under the Charter of Rights and Freedoms. Ergo, everyone in Saskatchewan and B.C. are discriminated against because they don't live in Alberta. So instead of moving to Alberta, stay put and pay reduced Alberta taxes. You'll look as smug as any Lexus-driving Calgary oilman!

Tax Dodge Strategy #5

If you live in the southern part of the country claim the Northern Tax Credit. No reason those northerners should get preferred tax treatment just because they have more black flies. ■

Native



CTF Manitoba Provincial Director Victor Vrsnik (front row - right) meeting with members of the Lake St. Martin First Nations Accountability Committee concerning issues related to the lack of financial accountability on native reserves.

Protestors End-Run Government and Take Protest Directly to Canadian Taxpayers

Frustrated residents from the Lake St. Martin First Nations reserve took their grievances with allegedly corrupt band officials to the Canadian Taxpayers Federation (CTF) offices in Winnipeg.

They arrived on Wednesday July 21, following a two and a half day walk from Lake St. Martin. The members expressed their concerns about the lack of financial accountability on the reserve.

"Canadian taxpayers should demand accountability from Ottawa for its reckless spending on First Nations reserves," said Victor Vrsnik, CTF Provincial Director. "Federal support for First Nations should be directed to

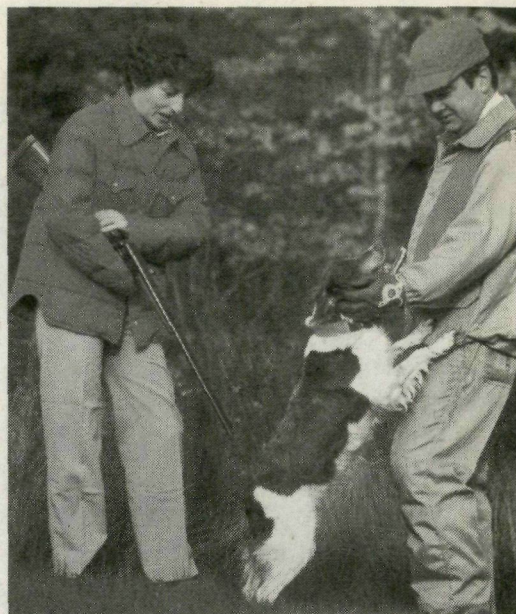
individuals not bureaucracies and band councils."

Of the \$4.5 billion spent on Canada's reserves, over 80% winds-up in the hands of band councils, not individual residents. "Sending support payments to individuals through band councils is as preposterous as the provinces steering welfare cheques through municipal governments," said Vrsnik.

The CTF supports independent financial and operational audits of native reserves to satisfy the complaints by First Nations protestors and taxpayers who expect value for their dollar. Victor wrote Prime Minister Jean Chretien asking him to address these concerns. ■

Taxpayers Under Fire From Gun Registry

by Richard Truscott



BY the time the federal government finishes the job of registering firearms, they may be dealing with phaser guns and light sabers, according to the latest information pried from the government's clutches under Access to Information.

Meanwhile, the ballooning cost and expanding workforce associated with the gun registry are diverting scarce resources from policing.

The government is supposed to register all guns by January 1, 2003. In order to meet this deadline, the Canadian Firearms Centre must issue anywhere from 7,300 to 22,000 permits a day, depending on how many guns there are in Canada (estimates range from 7 million to 21 million).

But according to information obtained by Yorkton-Melville MP Garry Breitkreuz, the Canadian Firearms Centre is averaging less than 360 registrations per working day. At that speed, it may take between 77 and 233 years to complete the job.

Since the Canadian Firearms Centre began operating at the beginning of this year, only 49,000 firearms have been put into the computer. Most were antiques owned by museums, inventories of gun dealers or weapons from municipal police forces. Only 7,000 private weapons were registered.

As for the cost, in the last fiscal year the government admitted to spending \$134 million on the registry. But when the legislation was introduced in 1995 by then-Justice Minister Allan Rock, start-up costs were estimated at \$85 million, spread over 5 years, plus annual operating costs of \$50-\$60 million a year. The government has already revised the start-up cost to \$120 million (an almost 50% jump).

As for costs that the government has not admitted,

some critics say that taxpayers are on the hook for upwards of \$1 billion, hidden away in numerous budgets.

Certainly personnel are being hidden under different budgets. Allan Rock initially claimed that the whole registration job could be done by the 200 employees of the Canadian Firearms Centre, but scores of others have been put to the task, including 221 Mounties in the Ottawa headquarters, and 20 Customs Agents at Revenue Canada. Another 77 firearms officers have been hired to work in provinces like Saskatchewan that are not cooperating with gun registration.

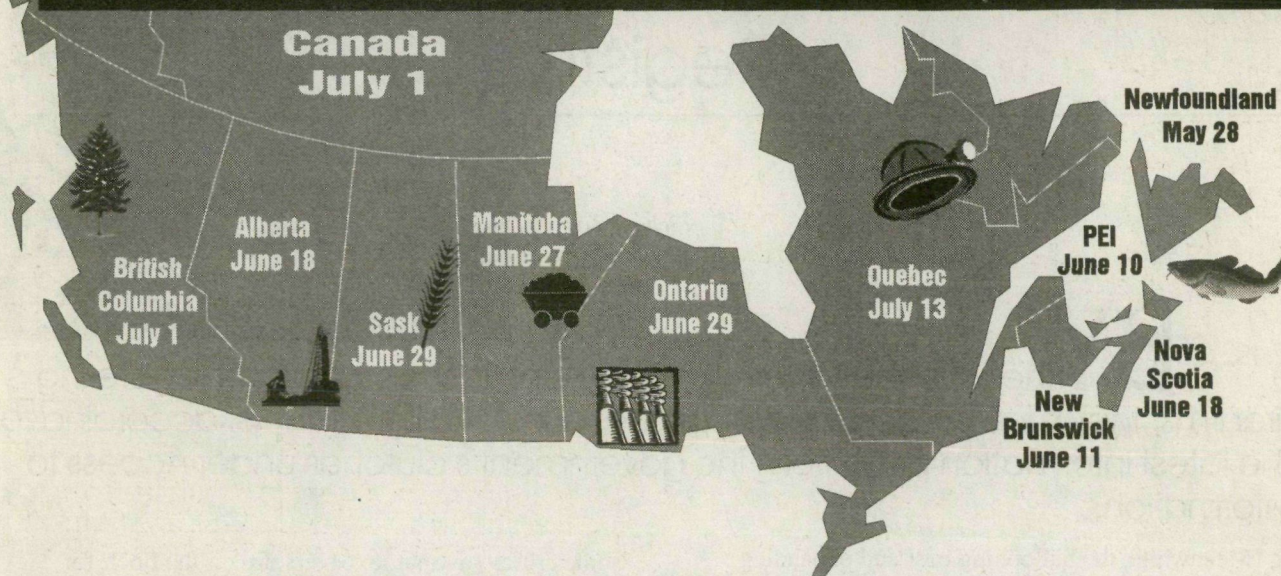
While taxpayer money and enforcement personnel are being thrown at the gun registry, policing is being severely squeezed. The RCMP was recently forced to halt training of new recruits at the Regina headquarters because of budget concerns, and the number of RCMP officers on patrol is also down. In British Columbia, for example, more than 400 of 5,000 RCMP positions are currently unstaffed.

Is this diversion of resources to the gun registry really worth it? Statistics Canada has calculated that 2% of violent crimes in Canada are committed with firearms, and few people believe that registration will significantly reduce crime. Canadians might be safer if the resources spent on the gun registry were instead spent on police.

If you'll pardon the expression, it doesn't seem like taxpayers are getting much bang for their buck. ■

Tax Freedom Day

Each year the Fraser Institute releases its calculations of Tax Freedom Day which represent the day the average Canadian family nationally and in each province has worked the equivalent amount of time to pay their tax burden to the three levels of government.



Taxes of the Average Family (with two or more individuals), 1999

Preliminary estimates - Source: The Fraser Institute, 1999

	Cash Income	Income tax	Sales taxes	Liquor, tobacco, & other excise taxes	Auto, fuel & motor vehicle license taxes	Social security, pension, medical & hospital taxes	Property taxes	Natural resource levies	Other taxes	Total tax bill
NF	47,789	7,241	3,754	1,813	908	3,036	707	95	848	19,190
PEI	48,192	6,612	4,268	1,612	953	3,816	1,580	9	577	20,999
NS	52,921	9,359	4,427	1,972	934	4,178	1,387	17	467	24,308
NB	53,820	9,007	4,448	1,564	1,027	3,870	1,611	117	601	23,684
QC	54,454	11,051	4,568	1,626	934	6,047	1,859	63	566	28,743
ON	68,411	12,056	5,817	1,975	993	6,159	2,868	36	933	33,544
MB	61,474	10,809	4,900	2,272	860	4,915	2,041	56	1,827	29,760
SK	56,185	9,140	3,959	2,605	1,465	4,341	1,883	823	880	27,416
AB	68,048	12,461	2,319	2,593	822	5,748	2,023	1,289	1,326	31,152
BC	60,416	10,915	4,618	1,992	584	5,260	2,122	725	1,264	29,917
CDA	61,825	11,357	4,900	1,962	929	5,733	2,235	250	916	30,585

1999 Tax Rates by Province

Compiled by Richard Truscott of the Canadian Taxpayers Federation

	Personal Income Tax ²				Sales Tax			Corporate Income Tax ³			Capital Tax ⁴		Pay roll tax
	Basic rate ⁵ (%)	High Income surtax ⁶ (%)	Flat Rate tax ⁷ (%)	General surtax (%)	Retail sales tax ⁸ (%)	Gas Tax cents per litre ⁹	Tobacco tax ¹⁰ \$/carton	General rate ¹¹ (%)	M&P rate ¹² (%)	Small business Rate ¹³ (%)	General (max %)	Finance institutions (max %)	(max %) ¹⁴
BC	49.5	30/49	-	-	7	11	22.00	16.5	16.5	7.0	0.3	1.0/3.0	-
AB	44.0	8	0.5	-	-	9	14.00	15.5	14.5	6.0	-	2.0	-
SK	48	15	2	10	6	15	17.20	17.0	10-17.0	8.0	0.6	0.7/3.25	-
MB	48.5	2	2	-	7	11.5	16.00	17.0	17.0	8.5	0.3/0.5	3.0	2.15
ON	39.5	20/56	-	-	8	14.7	4.70	15.5	13.5	8.5	0.3	0.6/0.99	1.95
QU	na	na	na	na	7.5	15.2	8.00	8.9	8.9	5.75	0.64	1.28	4.0
NB	60	8	-	-	8	10.7	7.70	17.0	17	6.0	0.3	3.0	-
NS	57.5	10	-	-	8	13.5	9.04	16.0	16	5.0	0.25/0.5	3.0	-
PEI	58.5	10	-	-	10	13	12.65	16.0	7.5	7.5	-	3.0	-
NF	69.0	10	-	-	8	16.5	22.0	14.0	5	5.0	-	4.0	1.0/2

1. Tax rates compiled by the Canadian Taxpayers Federation and accurate as of July 1, 1999. Tax rates are for the 1999 taxation year. All provinces, except PEI and Newfoundland, provide tax reductions for low-income taxpayers. Health care premiums are levied by Alberta (\$34/month per individual) and B.C. (\$36/month per individual). 2. Quebec is not directly comparable to the other provinces because it administers its own personal income tax system and applies provincial rates directly on taxable income. Quebec's rates range from 20% to 26%. The federal personal income tax rates are: 17% on taxable income of \$29,590 or less; 26% on taxable income between \$29,591 and \$59,180; and 29% on taxable income of \$59,181 or greater. 3. The federal rates of corporate income tax (including provincial abatement and surtax) are: general 29.12%; manufacturing and processing 22.12%; and small business 13.12%. Provincial rates are applied on taxable income. 4. Quebec levies a surtax of 3.0% on top of the capital tax for financial institutions. Some provinces have two capital tax rates (i.e. Sask has a reduced 0.7% capital tax on financial institutions with taxable capital under \$400,000). Manitoba levies an additional 0.2% surcharge on the taxable capital of corporations with paid-up capital in excess of \$10 million. 5. The basic rate is a percentage of the basic federal tax payable. On April 6, 1999, PEI reduced its basic rate from 59.5% to 58.5% retroactive to January 1, 1999. On April 29, 1999 Manitoba dropped its basic rate to 47% giving an effective rate of 48.5% for the 1999 taxation year. On May 4, 1999, Ontario lowered its basic rate to 38.5% giving an effective rate of 39.5% for the 1999 taxation year. 6. The high-income surtax is applied above certain thresholds that vary among provinces and is based on net income in excess of \$30,000 in Manitoba, the sum of basic tax and flat tax in Saskatchewan, and basic tax in the other provinces. Ontario has two high-income surtax rates called the "fair share health levies": 20% on provincial income tax paid above \$3,750 and 56% on provincial income tax paid above \$4,681. B.C. also has two high income surtax rates: 30% on provincial income tax paid between \$5,300 to \$8,660 and 49% on provincial income tax paid above \$8,660. 7. The flat rate tax is a percentage of taxable income in Alberta and net income in Saskatchewan and Manitoba. 8. Quebec, New Brunswick, Nova Scotia, and Newfoundland have "harmonized" their retail sales tax with the federal GST and apply it to a broader base than other provinces. The sales tax in Saskatchewan was reduced from 7% to 6% effective March 27, 1999 (except for liquor sales that remain at 7%). The liquor tax is 10% in B.C., 12% in Ontario, 37.5% in PEI, and the same as the general retail sales tax rate in all other provinces, except Alberta that has no sales tax. There is no meal tax in B.C., Alberta, and Sask. The accommodation sales tax is 8% in B.C. but the same as the general sales tax rate in every other province. Alberta has a 5% accommodation tax. 9. An additional gasoline tax of 4 cents per litre and 2.5 cents per litre is imposed in the greater Vancouver and Victoria areas respectively and an additional 1.5 cents per litre in the Montreal area. Quebec also levies its 7.5% provincial sales tax on gasoline and three provinces, New Brunswick, Nova Scotia, and Newfoundland levy the 15% Harmonized Sales Tax (HST). The tax on diesel fuel is the same as the gasoline tax in Alberta, Saskatchewan and Newfoundland. The rates in the other provinces are: 11.5 cents/litre in B.C., 10.9 cents in Manitoba, 14.3 cents in Ontario, 16.2 cents in Quebec, 13.7 cents in New Brunswick, 15.4 cents in Nova Scotia, and 13.5 cents in PEI. 10. All provinces, except Quebec, B.C., Alberta, and PEI, apply their retail sales tax on top of the tobacco tax. 11. Quebec applies a rate of 16.25% to non-active business income. 12. Sask reduces its M&P rate by up to 7% depending on the extent of a company's presence in the province. Ontario applies the M&P rate to mining, logging, farming, and fishing. 13. B.C. has a 2-year tax holiday for new small businesses incorporated between May 1, 1996 and March 31, 2001. Ontario corporations with taxable income in excess of \$200,000 pay a surtax equal to the lesser of 4% of taxable income in excess of \$200,000 and the small business deduction claimed. Ontario corporations are also subject to a 4% minimum tax where gross revenues are greater than \$10 million or assets are greater than \$5 million, reduced by corporate income tax payable. Quebec levies a surtax of 2.8% on top of the general rate for corporate income tax and has a 5-year tax holiday for new small businesses and corporations in the information technology sector. Nova Scotia has a 3-year tax holiday for new small businesses. On March 30, 1999, B.C. announced it would reduce the small business rate from 8.5% to 5.5% on July 1, 1999 giving an average rate of 7.0% for the 1999 calendar year. Ontario will drop its Small Business Rate to 8.0% on Jan 1, 2000. Manitoba lowered its Small Business Rate from 9.0% to 8.0% on July 1, 1999 giving an effective rate of 8.5% for the 1999 calendar year. Manitoba plans to lower it to 7.0% on January 1, 2000. Corporations with taxation years in progress when a tax change comes into effect are required to prorate income to the periods before and after the change before applying the applicable rate. 14. Provincial payroll taxes are paid by the employer only. Newfoundland has two payroll taxes: 1.0% on renewable resource companies (i.e. fishing, forestry, agriculture) and 2.0% on non-renewable resource companies (i.e. oil & gas).

A nother Corporate Welfare Handout

While Canadians escaped to their cottages this past summer, they could rest easy knowing that Ottawa worked hard to give away their tax dollars to some of Canada's most "poverty stricken" corporations.

A quick scan of the Industry Canada website reveals that the Government of Canada relishes its role as venture capitalist with taxpayer dollars. The following is list of what happened this past summer. In addition to providing information on the company's latest subsidy, we provided a bit of history on how much the feds lent the business through loans or conditionally repayable contributions and how much the company had paid back as of July 1997.

AlliedSignal:

\$3.7 million Repayable contribution - June 14, 1999

Amount Ottawa lent to AlliedSignal Aerospatiale as of July 1997: \$17.2 million - Amount repaid as of July 1997: \$535,000

At an air show in Paris, France, Transport Minister David Collenette provided a Technology Partnerships Canada (TPC) "conditionally repayable contribution" to AlliedSignal Aerospatiale Canada

for \$3,663,895 for components for the company's turbofan engines.

The government press release stated the investment will "create or maintain 91 jobs in the Montreal area." That's \$40,262.58 per job.

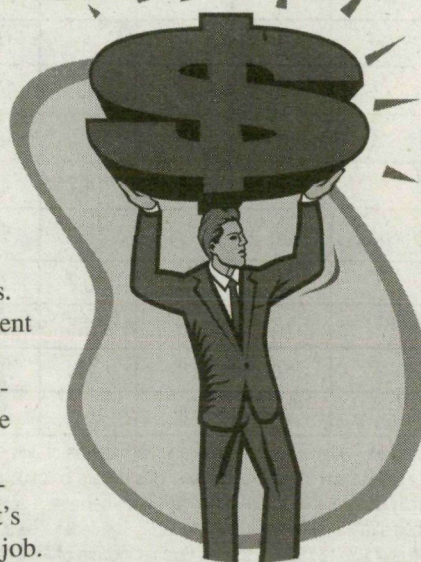
Allied Signal has received over \$100 million in assistance from the Canadian government in the last 20 years. The company is ranked as Canada's 94th largest private company by *Report on Business Magazine (ROBM)* with annual revenues in excess of \$685 million and profits of \$90.8 million.

Pratt & Whitney:

\$154 million Conditionally repayable contribution - June 22, 1999

Amount Ottawa lent to Pratt & Whitney as of July 1997: \$723.6 million - Amount repaid as of July 1997: \$82.7 million

Industry Minister John Manley announced a \$154 million TPC "conditionally repayable contribution" to aerospace giant Pratt



&Whitney for engine development technology.

The news release claimed the money will "create or maintain 770 jobs."

That's \$200,000 per job. Pratt & Whitney received over \$1 billion -- not million -- in financial

assistance from the Canadian government in the last 20 years. The company is ranked as Canada's 45th largest private company by *ROBM* with annual revenues of \$1.8 billion and undisclosed profits.

Orenda Aerospace Corporation:

\$1.2 million investment by federal government - July 8, 1999

Ottawa made a repayable investment of nearly \$1.2 million to Orenda Aerospace Corporation of Gloucester, Ontario. In his news release, Industry Minister John Manley said the company would use the money to develop a "power generating system with the potential to reduce carbon dioxide." The

THE TAXPAYER

company will focus its development on turbine power based on bio-fuels available from such things as wood grasses, and other types of agricultural residues.

The money was provided through TPC and Technology Early Action Measures.

Orenda Aerospace is owned by Magellan Aerospace Corp. of Mississauga, Ontario. As of July 1997, Magellan Aerospace had received \$1.2 million in government funding and only paid back \$114,000.

Air Data Inc:

\$147,608 conditionally repayable contribution - June 29, 1999

Montreal area MP Sheila Finestone announced a \$147,608 TPC "conditionally repayable contribution" to local company Air Data Inc. to assist in the development of a breakthrough data communications system.

IBM Canada Ltd:

\$33 million conditionally repayable contribution - July 6, 1999

Minister John Manley announced a \$33 million TPC "conditionally repayable contribution" for Markham-based IBM Canada Ltd. for development of e-commerce technologies. For the record, IBM Canada is ranked as the 6th largest private company by *ROBM* with annual revenues of a paltry \$8.7 billion and undisclosed profits.

The feds claim they are doling out money to create jobs, but is this a wise use of taxpayer dollars? No! Consider the following. No one can verify these job creation numbers and since the feds are so deeply into

subsidizing our aerospace industry, you can bet that double and triple counting of spin-off jobs regularly occurs.

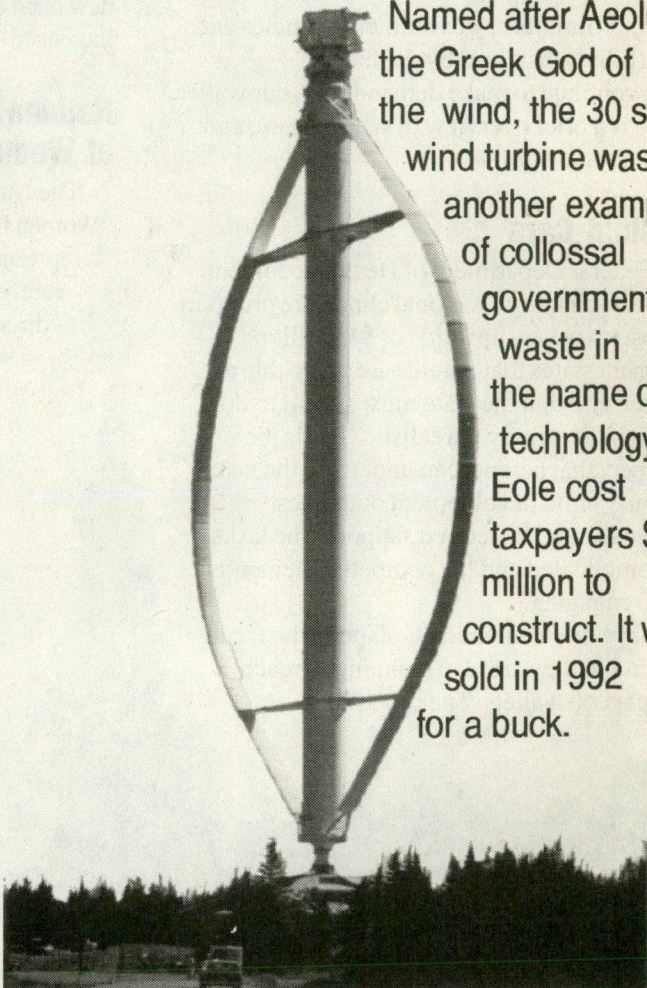
Access to Information reveals that of the \$3.2 billion lent out by Industry Canada from 1982 to 1997, only 15% has been repaid. \$2.5 billion of this was lent out under "conditionally repayable contribution" terms and only 4.87% or \$125 million had been repaid by 1997.

The recipient is obligated to

repay the contribution **ONLY** if the conditions — usually very rosy sales targets — are met. Canada's Auditor General said as much and Consulting and Audit Canada also noted that Ottawa needs to guard against companies claiming "generic status" (ie: using the money for something else) so that they may circumvent repayment obligations.

Watch out, the Industry Canada corporate welfare bandwagon may be coming to your town soon. ■

Eole: God of Waste



Named after Aeolus the Greek God of the wind, the 30 story wind turbine was another example of colossal government waste in the name of technology. Eole cost taxpayers \$37 million to construct. It was sold in 1992 for a buck.

Guess who's screaming for more of your tax dollars

You are no doubt familiar with the cries coming from millionaire NHL owners and players calling for subsidies. Unfortunately, they are just one in a long list of groups calling for Ottawa to spend more of your money.

Since the federal government balanced its budget, it has been under increased pressure to spend the surplus instead of providing all Canadians with much needed tax relief.

Politicians, committees, government agencies and other groups (fully subsidized by the federal government), continue to make demands on your wallet. The following is a brief overview of who they are and why they want it.

National Child Care

A leaked Federal Department of Health document recommends establishing a national child care program that would cost taxpayers upwards of \$15 billion.

The document states that parents are incapable of raising children and that the state must step in to do it for them. "It is increasingly unrealistic" reads the report, "to expect that parents can undertake the task of ensuring early child development outcomes without systematic and structured support. The tasks are just too complicated and the competing demands on parents too engaging."

Not only have these bureaucrats slapped the face of every parent but they are also planning to reach deep into taxpayers' wallets. The proposal

includes spending \$12 billion on a day care program and another \$3 billion on a universal kindergarten program.

Assembly of First Nations

The Assembly of First Nations (AFN) receives its funding from the federal government. Recently, it petitioned Ottawa to double its funding from \$18 million a year to \$40 million. Ottawa already agreed to increase AFN's funding from \$18 million to \$19 million, but the Assembly stated that if it doesn't get the increase, it will have to make cuts. Part of any increase will help pay the salary top-up for the AFN's new head chief, Phil Fontaine, who's salary reportedly increased from \$85,000 to \$125,000.

National Action Committee on the Status of Women

The National Action Committee on the Status of Women (NAC-SOW), an organization which claims to represent millions of Canadian women, but has rarely ever signed up Canadian women directly, preferring instead to rely on government funding, clamoured for more money. The group was upset by last year's funding cut of \$240,000. The



SUPPORTER SURVEY 1999 — 2000

Each year, the Canadian Taxpayers Federation conducts a comprehensive survey of its supporters. This survey deals with priority and emerging issues both federally and in your province. We also ask questions about the job the CTF is doing and for some information about yourself to better understand the constituency we represent. Please complete the questionnaire, enclose it in an envelope, affix postage, and return it anonymously. These surveys are critical in our efforts to be an effective advocacy group.

Thank you for your continued support.

CTF Supporter Survey, P.O. Box 980, Regina SK S4P 3B2

PART I — THE CTF

- How did you first hear about the CTF?
(please select 1 only)
☐ CTF representative ☐ advertisement ☐ media story
☐ friend/ associate ☐ CTF sponsored or related event
☐ Sprint Affinity Program ☐ internet
other: _____
- How would you rate the CTF's overall effectiveness as an advocacy group?
☐ excellent ☐ good ☐ fair ☐ poor ☐ undecided
- Are there other groups or organizations you feel are more effective than the CTF?
☐ no ☐ yes: ... ☐ CFIB ☐ NCC ☐ Fraser Institute
☐ Prairie Centre ☐ WCWGA
☐ Chamber of Commerce ☐ Political parties
other: _____
- Have you heard or seen a CTF spokesperson in the media?
☐ yes ☐ no ☐ not sure
If "yes"... 4a. Did you find that person to be an effective communicator?
☐ yes ☐ no ☐ undecided
- At what level of government has the CTF been most effective at representing your interests?
☐ federal ☐ provincial ☐ local/ mun. ☐ undecided
- Toward which level of government should the CTF be focusing most of its energy?
☐ federal ☐ provincial ☐ local/ mun. ☐ undecided

PART II — FEDERAL ISSUES & PRIORITIES

- Do you feel your tax burden over the past two years has increased, decreased, or remained the same for the following levels of government ...

	increased	decreased	same
a) Federal?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Provincial?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Municipal?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- If you were to pick the one single top priority for any federal surplus, which would it be?
☐ tax cuts ☐ more spending ☐ debt reduction
☐ undecided
- If federal taxes were to be cut, which ONE tax would you give the highest priority to reducing?
☐ personal income tax ☐ business/ corp. income tax
☐ GST & sales taxes ☐ payroll taxes & levies (CPP, EI)
☐ property taxes ☐ customs and excise taxes
☐ gas taxes ☐ undecided
- Overall, do you feel the current level of spending by the Government of Canada is ...
☐ too high? ☐ about right? ☐ too low?
☐ undecided
- Would you be willing to pay user fees (ex: \$5 or \$10) for certain medical services such as x-rays, blood testing, doctor's visits, medical paperwork?
☐ yes ☐ no ☐ undecided
- Do you support the establishment of private medical services and insurance to co-exist alongside the public system?
☐ yes ☐ no ☐ undecided

- Which of these do you feel is the single most effective tool used by the CTF in pressing its message to politicians and the public? (please select 1 only)
☐ CTF speakers at events ☐ conferences
☐ petition campaigns ☐ public forums
☐ studies & position papers ☐ "Tax Action" monthly updates
☐ "The Taxpayer" magazine ☐ web site
☐ paid advertising ☐ rallies
☐ "Let's Talk Taxes" commentaries ☐ media interviews
- Do you feel you have enough opportunity to provide input to the CTF on the issues we address?
☐ yes ☐ no ☐ undecided
- Which of these do you feel is the single most important policy area pursued by the CTF? (please select 1 only)
☐ accountability/ democratic reform issues
☐ lower taxes/ tax reform
☐ uncovering waste/ identifying where to cut spending
☐ deficit/ debt reduction/ balanced budget laws
☐ providing policy alternatives/ solutions for government programs
- Overall, how would you rate the following CTF services ...
 - "The Taxpayer" magazine?
☐ excellent ☐ good ☐ fair ☐ poor ☐ not familiar
 - "Tax Action" monthly updates?
☐ excellent ☐ good ☐ fair ☐ poor ☐ not familiar
 - "taxpayer.com" web site?
☐ excellent ☐ good ☐ fair ☐ poor ☐ not familiar
 - Sprint Canada Affinity Program?
☐ excellent ☐ good ☐ fair ☐ poor ☐ not familiar
- Should health, education and welfare be shared responsibilities between the provincial and federal governments, or should those be exclusively provincial government responsibilities?
☐ shared provincial & federal ☐ provincial only
☐ undecided
- Should entitlement programs (like Old Age Security or the Guaranteed Income Supplement) be provided to all Canadians universally, or provided to a greater extent only on the basis of need?
☐ universally ☐ more on basis of need only
☐ undecided
- Should the Canadian Senate be ... (choose 1 only)
☐ reformed?
☐ abolished?
☐ remain as is? ☐ undecided
- The federal government collects about \$5 billion in gas taxes but spends only 5% on road development. What should Ottawa do with gas tax revenues? (choose 1 only)
☐ cut gas tax revenues to levels equal with road renewal?
☐ spend half on roads & cut federal gas taxes by half?
☐ move the money into general revenue?
☐ eliminate the gas tax?
☐ other: _____
☐ undecided
- Which of these Crown corporations, agencies, or services do you feel should be privatized? (select as many as apply)
☐ Atomic Energy Canada ☐ Canada Post
☐ Canadian Broadcasting Corporation (CBC)
☐ Federal prisons ☐ Parks Canada
☐ Canada Ports Corporation ☐ Via Rail
☐ Support services at RCMP & Canadian military bases
☐ Canada Bridges Corporation
☐ Benefits cheques processing (EI, CPP, OAS, etc.)
☐ I do not support any privatization

... continued ... PART II

12. Do you agree or disagree with the following ...

- a) The federal government should provide tax relief/ tax subsidies to Canadian NHL teams.
☐ agree ☐ disagree ☐ undecided
- b) The federal government should use excess Employment Insurance revenues for general government spending.
☐ agree ☐ disagree ☐ undecided
- c) The federal government should abide by a legislated schedule of national debt reduction.
☐ agree ☐ disagree ☐ undecided

d) All Canadians, including aboriginals, should be subject to the same taxes and tax laws.

☐ agree ☐ disagree ☐ undecided

e) The CTF should oppose the federal government's current firearms registry.

☐ agree ☐ disagree ☐ undecided

13. In a federal election today, how would you likely vote?

☐ Liberal ☐ PC ☐ United Alternative
☐ NDP ☐ Reform

☐ other: _____

PART III - ALBERTA ISSUES

1. Considering your total provincial tax burden — property and business taxes, the provincial portion of income taxes, and all other taxes & levies, do you feel Alberta taxes are...

☐ too high ☐ about right ☐ too low ☐ undecided

2. If provincial taxes were to be cut, which ONE tax would you give the highest priority for reducing or eliminating?

- ☐ personal income taxes ☐ gasoline/fuel taxes
☐ property taxes ☐ liquor/ tobacco taxes
☐ business taxes ☐ corporate income taxes
☐ other _____ ☐ no opinion

3. Overall, do you feel the current level of spending by the Government of Alberta is ...

☐ too high ☐ about right ☐ too low ☐ undecided

4. Spending on health care currently consumes 30% of the Alberta Government's expenditures. As a percentage of total budgetary expenses, do you think the portion spent on health care should be ...

☐ increased ☐ decreased ☐ left as is ☐ undecided

5. Spending on education currently consumes 28% of the Alberta Government's expenditures. As a percentage of total budgetary expenses, do you think the portion spent on education should be ...

☐ increased ☐ decreased ☐ left as is ☐ undecided

6. The Canada Pension Plan (CPP) is currently administered by the federal government. It is possible, however, for provinces to opt out of the CPP in favour of a provincial plan (as has been done in Quebec). Should the Government of Alberta replace the CPP with its own provincial plan?

☐ yes ☐ no ☐ undecided

7. The Alberta Opportunity Company (AOC) is a Crown corporation, subsidized by Alberta taxpayers, which provides loans to businesses. Do you favour ...

- ☐ the continued subsidization of AOC?
☐ the elimination of subsidies to AOC?
☐ undecided

8. Should provincial lottery fund revenues be used to fund priority spending items such as health, education and infrastructure?

☐ yes ☐ no ☐ undecided

9. In a provincial election today, how would you likely vote?

☐ Alberta First ☐ Liberal ☐ NDP
☐ PC ☐ Social Credit

☐ other: _____

PART IV — DEMOGRAPHICS

1. In which of these age groups are you?

☐ under 20 ☐ 30-39 ☐ 50-69
☐ 20-29 ☐ 40-49 ☐ 70 plus

2. Gender: ☐ male ☐ female

3. Which of these best describes your present employment?

- ☐ homemaker ☐ salaried employee
☐ retired ☐ business owner/partner
☐ student ☐ professional services
☐ self-employed
☐ not employed/ between jobs

3a. Please describe the type of work you do.

4. Please estimate the total 1999 income of your household before taxes

☐ under \$35,000 ☐ \$65,000-\$99,000
☐ \$35,000-\$64,000 ☐ \$100,000 plus

5. Please indicate the highest level of formal education you have received.

- ☐ primary/ elementary ☐ some applied or technical
☐ some high school ☐ applied or technical diploma
☐ high school diploma ☐ some university
☐ trades certification ☐ university degree

6. In what size of community do you live?

☐ rural farm or acreage ☐ city 10,000-50,000
☐ community less than 1,000 ☐ city 50,000-100,000
☐ community 1,000 to 10,000 ☐ city over 100,000

7. Which of these is your single most frequent source of current Canadian news and events? (please select 1 only)

- ☐ newspapers ☐ radio ☐ television
☐ magazines ☐ internet
 other: _____

8. Which of these, if any, do you read on most days? (select as many as apply)

- ☐ The Globe & Mail
☐ The National Post
☐ Your local or regional newspaper ☐ none of those

9. Which news magazines, if any, do you read on a regular basis? (select as many as apply)

- ☐ BC/Alberta /Western Report ☐ Saturday Night
☐ Macleans ☐ Time
☐ Newsweek ☐ other: _____

10. Is your copy of "The Taxpayer" received at a home or a business address?

☐ home ☐ business

11. How many adults at this address support Canadian Taxpayers Federation activities? enter number: _____

Please use an envelope and post to: CTF Supporter Survey P.O. Box 980 Regina, SK S4P 3B2

THE TAXPAYER

group has traditionally used confrontation to intimidate federal MPs into giving it more cash. This year was no exception as 60 feminists launched an attack on Parliament Hill chanting "All we want is our fair share. We'll stay out of Hedy's hair. With one enormous cheque. Oh, wouldn't it be lovely."

Sadly, NAC-SOW is only one of dozens of special-interest groups that lobby government with our money in order to receive more money.

More Money for Children

In a move separate from the National Child Care proposal, a House of Commons Committee, "Children and Youth at Risk," wants Ottawa to substantially increase its funding for children's programs. Specifically, the committee focused on programs for children under the age of six. Committee chair John Godfrey called on Ottawa to fund such things as: drop-in parenting, reading and literacy programs for children and parents, and play-groups. The proposals would substantially increase the \$2 billion in funding the federal government already provides through the child

tax benefit. The committee also recommended that maternity benefits available through Employment Insurance be increased.

Culture Vultures

The House of Commons Heritage Committee is recommending that Ottawa increase funding for culture. Though the committee didn't come up with an exact figure on how much more money should be spent, a report entitled *A Sense of Place, a Sense of Being* made 43 recommendations and 17 of them involved spending more tax dollars. One of the recommendations included new training programs for media and entrepreneurs.

Subsidizing Canadian Web Pages...eh

A Senate subcommittee called on Ottawa to provide extra funding to the CBC so it could put more Canadian content on its web site. The committee further suggested that the government should provide financial incentives (including tax breaks) to promote Canadian content on the web. ■

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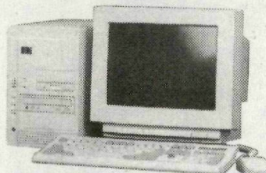
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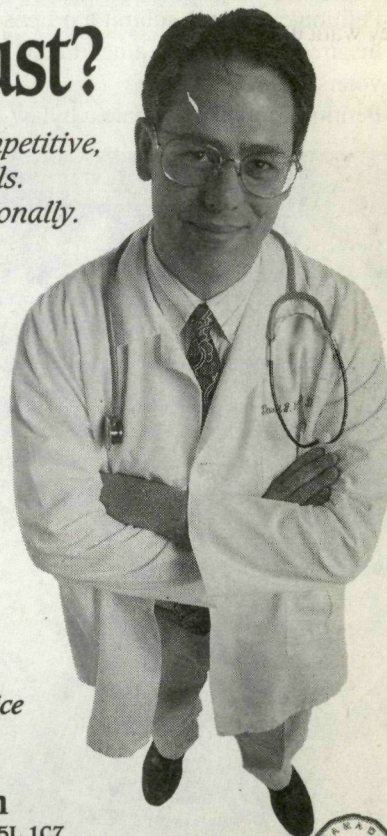
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Protecting BC Taxpayers:

A Citizen's Initiative Bylaw Model for Municipal Taxpayers

The Problem:

As a citizen, do you ever feel helpless when city hall pushes through another tax increase or bylaw you don't agree with? If you're a local politician, do you want local voters to become more positively involved with finding solutions to vexing civic problems?

If the answer to any of those questions is "yes," the BC division of the Canadian Taxpayers Federation has a proactive solution that YOU can help implement in your municipality!

The Solution:

A Citizen's Initiative Bylaw for Municipal Taxpayers

What Is It?

The proposed measure – if adopted by the council in your municipality – would give citizens the right to:

- Petition council to submit a proposed council-inspired bylaw (or an amendment to a bylaw) to voters in a referendum.
- Petition council to initiate a bylaw (or an amend

ment to a bylaw) and/or submit the citizen-initiated bylaw to voters in a referendum.

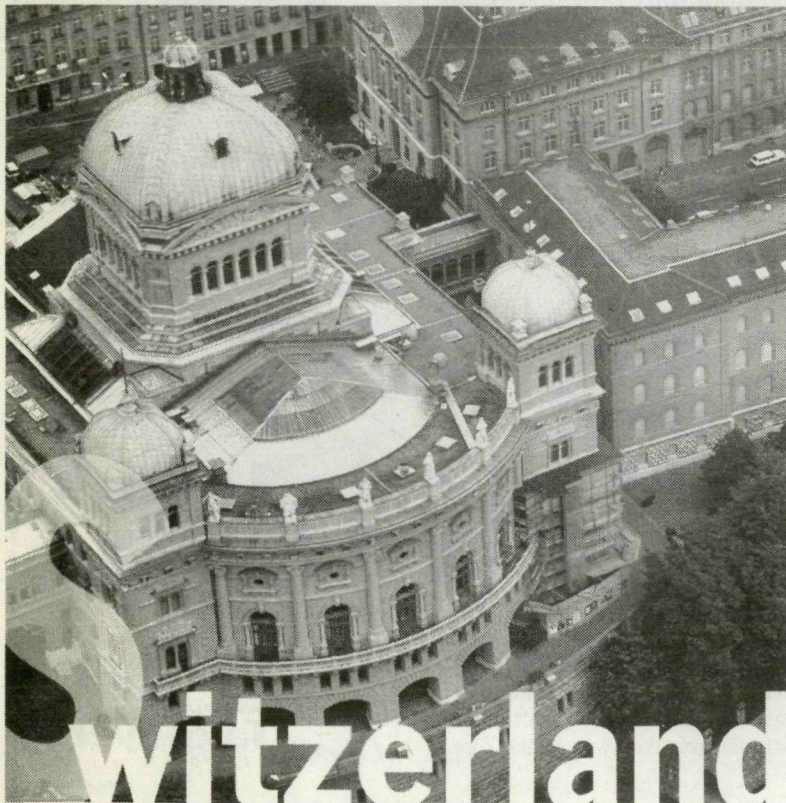
Can This Citizen's Initiative Bylaw Be Implemented? Does It Conform to the Municipal Act?

It can, and has been! The CTF model conforms to the Municipal Act. It is based on Rossland's bylaw #1962. Rossland residents have had some form of direct democracy since 1990, and have voted 10 times on issues ranging from expanding city boundaries (approved), increasing councillor's indemnities (not approved), and increasing property taxes (approved).

Why Is The CTF's Citizen's Initiative Bylaw Necessary?

British Columbians deserve the right to pro-actively initiate local referendums on issues they care about, and to be able to stop unpopular decisions made by their local councils. The right of citizen's initiative is a tool that taxpayers from Switzerland to St. Albert already possess. With it, they are able to initiate referendums on issues such as taxes, the environment, and in Alberta - VLTs.

- Citizen-initiated referendums are a check on concentrated political power, and are in fact, also helpful to politicians, as they allow them to say "no" to special interest groups, since



The Swiss have governed their own country and politicians through referendums and citizen initiatives for hundreds of years. Not surprisingly, instead of paying billions of tax dollars in interest payments to finance high debt loads, citizens have chosen the low debt route and resulting low taxes. By collecting 50,000 names on a petition, the Swiss can challenge any legislation passed by the parliament in a national referendum. The same size of petition can also be used to initiate legislation. If passed in the resulting national referendum, the Swiss parliament must pass the legislation into law.

BRITISH COLUMBIA

voters could ultimately overturn unpopular bylaws geared to the very few.

- Property taxes have gone up in many BC municipalities, and are likely to go up in the future, usually ahead of any effort to control local government spending. If for example, citizens choose to enact limits on future property tax increases – or raise them as Rossland's voters chose to do once - at least citizens have made that decision. Currently, there is no "court of appeal" if your municipality raises taxes or enacts a bylaw you disagree with.

How Can I Get This "Citizen Initiative Bylaw" Passed In My Community?

Action One:

Download a copy of the CTF's proposed bylaw, as well as the actual bylaw used in Rossland, a legal opinion on the bylaw, and Frequently Asked Questions (FAQs) about direct democracy and citizen initiated referendums, from the Canadian Taxpayers Federation's

website at: www.taxpayer.com. After clicking in, go to "Studies and Reports – BC." If you don't have access to a computer, phone the Federation's BC division at 1-800-699-2282, and we'll send you a copy.

Action Two:

Only you can make this bylaw a reality – which will then allow you to implement citizen-initiated changes in your community. Ask municipal election candidates to support this proposed bylaw by making it part of their election platform this fall. Organize family, friends, and like-minded supporters into a coalition to promote citizen initiated referendums!

Action Three:

Vote for candidates that support a citizen initiated referendum bylaw – and follow up on them after the election to ensure that this is the first bylaw passed!

Action Four:

Let the CTF know if your community adopts the bylaw. Send us a copy and we'll let others know of your success! ■

Referendums on council-inspired bylaws

How it works: Steps 1, 2 & 3

Under the CTF model, a referendum on a council-inspired bylaw could be triggered by citizens this way:

Step 1: After council gives a proposed bylaw third reading, the proposed bylaw would be advertised in a locally distributed newspaper

Step 2: A citizen registers for a referendum petition within 14 days of an advertised bylaw.

Step 3: The citizen(s) would have 28 days to gather the required number of signatures on the petition. Step 3.5: If the petition is successful, council would then - within one month - schedule a referendum, which must occur no later than one year after third reading of the bylaw occurred.

Referendums on citizen-initiated bylaws

How it works: Steps 1, 2 & 3

Under the CTF model, a referendum on a citizen-initiated bylaw could be triggered by citizens this way:

Step 1: A citizen registers for an initiative petition.

Step 2: The citizen(s) have 90 days to gather the required number of signatures on the petition.

Step 3: Council, on receipt of a valid petition, either:

(A) Prepares a bylaw to be prepared as stated in the petition, and introduces it for first reading within one year, or (B) Puts the petition question to referendum no later than six months after having formally received the petition.

How it works? The Vote

Step 4: The referendum occurs. A majority vote in the referendum shall be advisory with regards to Council.

**For more information download the proposed bylaw off the CTF website:
www.taxpayer.com.**

BRITISH COLUMBIA



ICBC to Taxpayers: You can't have the Information you paid for

BC's outgoing Freedom of Information Commissioner, David Flaherty, recently ruled that the Insurance Corporation of British Columbia (ICBC) does not have to reveal how many vehicles it insures, the amount of money the government monopoly receives from British Columbians in premiums, or the total insurance claims it pays out for each insurance class.

Why does this matter? Simple. British Columbians have no choice with regard to basic auto insurance coverage. While Canadians in most provinces shop around for the best insurance rate, British Columbians must line up at the government-mandated monopoly, just as Soviets used to line up at shops in Moscow.

Like all monopolies, the absence of competition provides an enormous potential for gouging. The Insurance Council of Canada, which first sought the information from ICBC and then appealed to the Commissioner, suspects that ICBC punishes low-risk drivers with higher-than-necessary premiums to subsidize reckless drivers with cheaper premiums than they deserve.

Of course, private insurance companies can't prove that. They, like the rest of us, must simply accept ICBC's promise that our auto insurance rates are competitive. If taxpayers sense a certain childhood *dejavu* here, it's understandable: ICBC's premium-holders are being treated like children.

But why the secrecy? Given ICBC's monopoly, one would think it would be eager to share information about how they're not gouging policyholders, say, by subsidizing loopy accident-prone 18-year-olds with cheap insurance by charging higher than required rates to the rest of us. It's not like the information will help private

insurance companies. The law forbids them from selling mandatory insurance coverage.

ICBC argues that its share of the optional part of insurance coverage might decrease if private companies understood ICBC's whole financial picture. That's convenient. In terms of both mandatory and optional auto insurance, ICBC controls 97.3 % of the market for total vehicle and driver premiums.

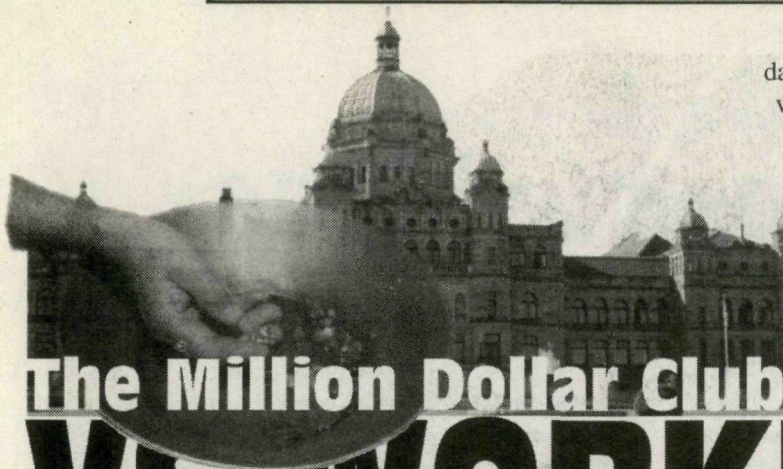
Try and imagine if the Royal Bank controlled 97% of all banking in BC and argued nothing should be allowed to "damage" their iron clad grip on the market. Governments, especially left-leaning ones, would file anti-trust suits and bust up such a monopoly before tomorrow's breakfast.

The Commissioner's justification was that BC's Freedom of Information and Protection of Privacy Act, better labelled the BC Government's *Freedom-From-Leaks-of-Embarrassing and/or Important-Information-Act*, won't allow him to over-rule ICBC because, among other reasons, the information is a 'trade secret.'

Without getting technical, it appears the Commissioner's interpretation is too generous to the government monopoly. Even so, sections of the Act are clearly written to strangle any flow of information that might shed some light on BC's monopolistic, consumer-gouging crown corporations.

Short of an overhaul of the Act, (hello Mr. Campbell) ICBC could itself help out in the meantime. Instead of writing another one of those spirited but pathetic public relation letters following critical articles, the monopoly should simply release the requested financial information to taxpayers – the same ones forced to buy insurance from ICBC. ■

BRITISH COLUMBIA



The Million Dollar Club

VS WORKERS

by Mark Milke

If it isn't enough that Ottawa forces all Canadians to contribute to a pension plan that will provide meagre – if not negative - returns for today's contributors, the provincial government has now attacked the pensions due retired union workers. Meanwhile of course, eligible government MLAs will still collect their taxpayer-funded lottery win with no similar restrictions.

The legislation, Bill 58 - the *Pension Benefits Standard Amendments Act*, prevents retired union members from collecting their pension if they return to the workforce with a non-union firm in the same sector.

The NDP government argues the new law will make retired workers that work for non-unions firms subject to the same rules as if they worked for union firms. Wrong. This new law is an attack on workers.

One such retiree, Mr. David Lord, whose actions are said to have prompted the law, started up a non-union construction company so he could make a decent living after he retired from his union job. After his own company went bankrupt, Mr. Lord found work with a non-union company to pay his bills since no union firm would hire a then 60-year-old. His former union then wanted to cut off his \$1,150 monthly pension, but Mr. Lord won both an appeal to the provincial superintendent of pensions, and from the courts. But then the NDP stepped in to pass a law that will restrict where a tax-paying, union dues-contributing Canadian can work – that is – if he wants to collect a pension he paid for.

Former Premier, Glen Clark claims that Mr. Lord will only have to follow the same rules MLAs must follow if politicians are to collect their pensions. Don't believe it. According to the *Legislative Assembly Allowances and Pension Act*, if MLAs work for taxpayers in any other capacity than that of an MLA (say, a patronage appointment) they collect their pensions with no restrictions. And even if Mr. Clark quits as an MLA, but is then one

day again elected to the legislature, his pension would merely be deferred *with interest* while an MLA.

While it's true he would stop *collecting* it, his pension would still accrue, be paid into a separate fund, and have interest added to it. And once Mr. Clark finished his second go-round in politics - he could then collect his pension. All of it. With interest. Call it deferred double dipping. To prevent a retired 62-year old metal worker

from collecting his pension is political thuggery, especially since many in the cabinet are members of the 'million dollar pension club' at taxpayers' expense. What's next – stealing candy from kids because they purchased it at a non-union convenience store?

Based on 1998 estimates calculated by the Federation, here are some examples of the pensions MLAs will be eligible to receive: A) During their first year of pension eligibility; B) At age 75; and C) Total estimated pension benefits to age 75. (Numbers are valid assuming members serve until May 28, 2000.)

It's your province, so don't take this abuse and interference in your life from a government that will pave over pensioners to reward union bosses at the expense of union workers' – and everyone's – rights. Talk to your family, friends, and co-workers and contact your MLA, *especially if they are members of the government* – and complain loudly until this new law is revoked. ■

BC MLA's gold-plated pension plan

Member	Estimate First year Pension	Estimated Benefits at age 75	Estimated total pension benefits to age 75
Lois Boone	\$41,681	\$77,539	\$1,272,811
Glen Clark	\$49,094	\$96,892	\$1,690,142
Dale Lovick	\$41,329	\$70,359	\$1,038,049
Joy MacPhail	\$23,786	\$46,943	\$ 818,856
Dan Miller	\$47,726	\$83,688	\$1,282,422
Jan Pullinger	\$38,464	\$73,701	\$1,248,260
Fred Randall	\$18,423	\$21,357	\$ 119,168
Joan Sawicki	\$18,423	\$34,272	\$ 562,584
Moe Sihota	\$46,849	\$92,460	\$1,612,837
Joan Smallwood	\$47,726	\$97,018	\$1,740,064
Dave Zirnelt	\$35,735	\$68,472	\$1,159,712

ALBERTA

Klein & Co.

Open for business

by Mitch Gray

It's been three years since the Alberta Division of the CTF celebrated its victory in bringing "no more boondoggles" legislation to the province. In 1996, after significant public pressure, the Klein administration passed the *Business Financial Assistance Limitation Act*. In a nutshell, cabinet ministers can no longer hand out loans, loan guarantee or buy shares in private business willy-nilly. They must now get specific approval from the legislature with all the public scrutiny that involves. So far, so good.

But the legislation is not perfect. It's called a *limitation* act because that's all it does – it simply limits loans – it does not eliminate them altogether.

One of the most obvious examples of this is the Alberta Opportunity Company (AOC). The AOC is, for all intents and purposes, a bank. But it is a bank with a very strange mandate. It hands out loans to small businesses that can't get loans from anyone else because of fears they won't repay. And why wouldn't the AOC worry about getting their money back? Well, because a good chunk of it doesn't belong to them in the first place – it's yours and mine.

Most Albertans have never heard of AOC, and even fewer are aware that they prop up its loans through their tax dollars. Through the Klein years taxpayers have been bilked for over \$90 million in grants to the AOC. Currently, the Alberta government hands over \$5.4 million each year.

If Klein and Co. didn't play this subsidy game the AOC would col-

lapse. Taxpayers' money is needed to keep the financially precarious corporation solvent. Historically, annual grants to the AOC have exceeded the company's profits. In other words, you and I have given the AOC more money than it makes on its own.

Part of the reason for that probably has something to do with the types of loans that are covered. According to the AOC, "priority is given to Alberta-owned businesses which create jobs, introduce improvements in productivity or technology, or have export or tourism potential." That's the official line, but the reality is something else.

The AOC is notorious for bailing out failing companies by re-financing their debt. Businesses on the verge of bankruptcy have been able to use taxpayer money simply to stave off their creditors. There's no "job creation" or "productivity improvement" in that.

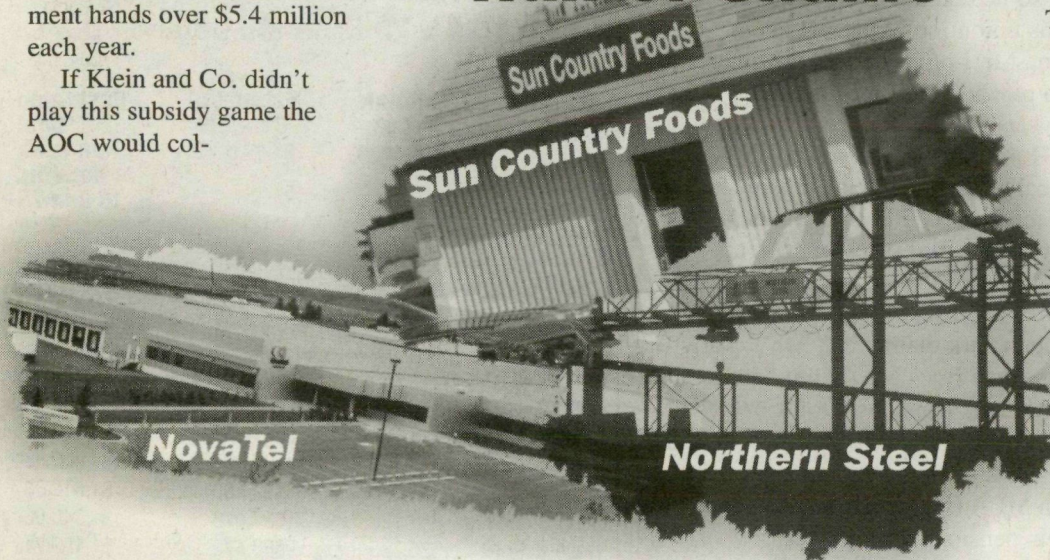
Given all this then, you might ask, why does the AOC even exist? In a word - politics. The same old hackneyed arguments about "creating jobs" and "stimulating growth" are rolled out by the Klein Tories, just as they were by the Getty and Lougheed regimes. But the whole thing is really about scratching backs and buying votes. The only difference is that the current administration does it with much less fanfare.

Klein and Co. know what they're doing is wrong. They know that forcing businesses to subsidize their competitors is unproductive.

They know that government doesn't create jobs. And they know that taxpayers can't afford it.

It's time the province got out of the business of being in business. That means abolishing the AOC and giving the *Financial Assistance Limitation Act* some teeth. Taxpayers would be grateful. ■

Alberta's "Hall of Shame"



ALBERTA

Alberta Opportunity Company Loan Authorizations for the Year 1998

(Selected)

Name	Purpose	\$ Amount	Name	Purpose	\$ Amount	Name	Purpose	\$ Amount
321461 Alberta Ltd. -Video rental store:			supplies: Establish new business	\$15,000		Blais, D. -Womens' apparel: Establish new business	\$2,000	
Restructure debt, renovations	\$140,000		Allan, B & L -Vending machines:			Cali-Trac Inc. -Snowmobile sales & service:		
681398 Alberta Ltd. -Dry cleaner: Restructure debt, Equipment	\$61,000		Equipment	\$16,500		Purchase land, renovations, restructure debt	\$170,000	
710610 Alberta Ltd. -Bolt tensioning/Machining: Purchase equipment	\$100,000		Anisimovicz, M. -Student painter: Establish new business	\$3,500		Celestine Holdings Ltd. - Summer resort: Equipment, renovations, capital	\$60,000	
721917 Alberta Ltd. -Office service centre: Establish new business	\$70,000		Deltaform Publications Ltd. -Commercial photography & printing: Equipment	\$20,000		Cowley Forest Products Ltd. -Sawmill: Building, equipment	\$130,000	
750789 Alberta Ltd.-Motor hotel:purchase existing business	\$500,000		Dunmore Wood Preservers Ltd. -Treated fence post mfg.: Restructure debt	\$800,000		Diamond Health & Supplements Inc. Distributor of food supplements: Establish a new business	\$40,000	
752373 Alberta Ltd.-Sheet metal fabricator: Purchase land /construct building ..	\$850,000		E & D Holdings Ltd. -Natural health food store: Purchase inventory	\$46,000		Donahue, M - Landscaping, grass cutting: Working capital	\$3,500	
755090 Alberta Ltd. -Supplier of premises: Construct new facility	\$841,500		Electronic Manufacturing Group Inc. - Electronic manufacturing: Purchase equipment\$350,000			Double D Drilling Ltd. -Geotechnical drilling: Establish new business	\$85,000	
755209 Alberta Ltd. -Autobody repair: Purchase land & buildings	\$215,000		Fine Finish Auto Body Ltd. -Autobody repair shop: Land & building	\$78,500		Eckrim Agencies Ltd. -Insurance agency: Purchase land & buildings	\$73,000	
Angel Steam Services Ltd. -Oilfield service: Building improvements	\$100,000		Konni Steel Ltd. -Steel fabricator: Equipment, restructure debt	\$100,000		Guidline Graphics Inc. -Printing & graphics: Restructure debt	\$125,000	
Boyd Carpentry Services Ltd -Carpentry: Restructure debt, equipment	\$75,000		Pedersen, J & D -Motel: Purchase existing business	\$175,000		James, T. -Underground sprinkler installation: Establish new business	\$13,000	
Byam, J. -Sharpening & lawn equipment sales: Equipment & working capital	\$10,000		Pincher Safety Services Ltd. -Locksmith & safety products: Restructure debt, equipment	\$120,000		Leavitt, M -Lawn care: Establish new business	\$3,000	
Cyberlynx Design Inc. -Graphic design: Equipment & working capital	\$20,000		Smolnick, S -Geotechnical engineering: Purchasing existing business	\$85,000		Main Street Meat & Seafood Ltd. -Retail frozen meats: Establish new business	\$30,000	
Dentin Autobody Ltd. -Autobody repair: Working capital	\$15,000		The Canmore Climbing Centre -Indoor climbing gym: Working capital	\$25,000		Palmer, J. -Landscaping/snow removal: Equipment	\$27,000	
Edge Fleet Maintenance Ltd - Mechanical repairs: Change in ownership	\$50,000		Three Point Holdings Inc. -Grocery store: Working capital	\$60,000		Quintel Communications Ltd. - Communications sales/service: Restructure debt, shareholder buyout	\$375,000	
Elliott & Houben -Silversmith: Restructure debt	\$21,000		Torok, D & B -Motel: Purchase existing business	\$580,000		Royal Pizza & Spaghetti House Ltd. - Restaurant: Renovations, equipment\$40,000		
Finnegan, D -Plastic oil containers collection: Purchase truck	\$15,000		W.M.B. Holdings Ltd. -Wholesaler muffler shop: Establish new business	\$144,000		T. Baird Logging Ltd. -Logging contractor: Equipment, restructure debt	\$60,000	
Palmer, J. -Landscaping & snow removal: Restructure debt	\$31,000		327008 Alberta Ltd. -Motel: New construction, restructure debt	\$365,000		T.D. Moses of Canada Ltd. -Tuxedo rental, bridal wear: Equipment, inventory	\$25,000	
Rafter B. Ltd. -Trucking: Purchase land\$30,000			571424 Alberta Ltd -Quick lube & retail ladies wear: Purchase existing business ..	\$230,000		Wedin Stores Ltd. -Retail clothing store: Equipment	\$60,000	
Shaulayne Holdings Ltd. -Property holding company: Change in ownership	\$250,000		634887 Alberta Ltd. -Appliance repair, vending machines: Purchase existing business	\$44,000		Wonderland Toy & Hobby Ltd. -Toy & hobby retail: Purchase existing business ..	\$150,000	
Streeter, K & L -Vending machines: Restructure debt, equipment	\$13,300		743806 Alberta Ltd. -Insurance agency: Purchase premises, restructure debt\$125,000			498103 Alberta Ltd. -Bottle & paper recycle depot: Equipment	\$16,000	
Sunnybrook Agricultural Ltd. -Combine parts manufacturer: Change in ownership\$900,000			766437 Alberta Ltd. -Heavy truck driver training: Purchase business	\$57,400		528813 Alberta Ltd. -Retail book & music store: Renovations, inventory, restructure debt	\$205,000	
Vibrook Vacuum & Septic Service -Septic service: Restructure debt, equipment	\$495,000		Amalgamated Safety Technology & Environmental Control Inc. -Fire training, safety supplies: Restructure debt ..	\$150,000		607374 Alberta Ltd. -Auto sales & service: Working capital, inventory	\$50,000	
399306 Alberta Ltd. -Convenience store: Working capital	\$20,000		Amity Plastics Ltd. -Recycle plastics: Establish new business	\$120,000		675121 Alberta Ltd. -Retail tire sales & service: Land & building	\$125,000	
420923 Alberta Ltd. -Floor & wallcovering store: Land, building, renovations	\$231,000		Anderson, C. -Print service: Establish new business	\$31,000		736909 Alberta Ltd. -Commercial printing: Change of ownership, restructure debt	\$169,000	
725718 Alberta Ltd. -Fast food restaurant: Leasehold improvements	\$30,000		Arrowpro International Inc. -International moving: Working capital	\$55,000		776762 Alberta Ltd. -Optometrist/Optician: Purchase building	\$190,000	
747974 Alberta Ltd. -Lounge & restaurant: Leasehold improvements	\$110,000		Baldwin Machining & Installations Ltd. - Machining: Establish new business .	\$70,000				
770022 Alberta Ltd. -Car & truck wash: Change of ownership	\$800,000							
776100 Alberta Ltd. -Retail soap & cleaning								

ALBERTA

Name	Purpose	\$ Amount	Name	Purpose	\$ Amount	Name	Purpose	\$ Amount
Canadian Geomatic Solutions Ltd. -Geomatic services: Change of ownership, restructure leasing		\$240,000	Restructure debt, equipment		\$120,000	supplier: Restructure debt		\$285,000
East Ridge Rentals Ltd. -Oilfield sales & rentals: Purchase existing business		\$100,000	J.J.G.Holdings Ltd. -Sand processing: Restructure debt, corking capital ...		\$279,000	Cycle Works Ltd. -ATV's/wholesale parts: Land & buildings		\$140,000
Edson Motor Hotel Ltd. -Motor hotel: Renovations		\$150,000	KSSB Properties Ltd. -Holding company: Land & buildings, renovations		\$250,000	Dynamite Body & Paint Work Ltd. -Auto body shop: Purchase existing business ..		\$115,000
Freind's Restaurant & Motel Inc. -Motel/ restaurant/lounge: Purchase existing business		\$220,000	Lethbridge Custom Canvas Ltd. -Custom canvas & counter tops: Renovations		\$43,000	Edward L. Lynes Professional Corporation - Chiropractic clinic: Restructure debt, working capital		\$120,000
Genesis Ventures (1989) Ltd. -Retail clothing store: Change of ownership		\$20,000	M.I. Cable Technologies Inc. -Mfg of mineral insulated: Support operating line of credit		\$100,000	Haggarty, J. & L. -Trucking: Equipment		\$28,705
Judan Holdings Ltd. -Service station/bulk fuel: Support operating line of credit		\$100,000	MacDonald, P. -Carpet & upholstery care: Equipment		\$13,500	Hutec Coatings Incorporated -Electrostatic painting: Purchase existing business		\$36,000
K & D Dalby Holdings Ltd. -Service station/ confection: Working capital		\$20,000	McLean, D. -Internet website design: Equipment		\$3,500	Kjos -Water hauling contractor: Change of ownership		\$74,000
Lauzon's Woodshop & Construction Ltd. - Gazebo mfg: Restructure debt/ inventory		\$110,000	Pembina Plumbing and Heating Ltd. -Plumbing & heating: Restructure debt, building improvements		\$200,000	L.A. Fabricating & Machining Ltd. -Welding & fabricating shop: Purchase existing business		\$205,000
Lorne's Big Truck Repair -Supplier of premises: Construct building		\$320,000	Pollard & Couthard -Guided tour operator: Vehicle		\$3,000	PaSu Farms Canada Ltd. -Restaurant/Bed & breakfast: Restructure debt, working capital		\$160,000
M.G. Engineering Division of Tzipa Enterprises Ltd. -Mfg of treatment facilities: Support operating line of credit		\$150,000	Prestone, K. -Commercial sign shop: Equipment		\$16,000	Pedrin, W & G -Custom embroidery: Equipment, restructure debt		\$93,000
Nampa Oilfield Sales Ltd. -Oilfield sales: Change of ownership		\$100,000	Square Wheel Freight Movers Ltd. -Bed & breakfast: Renovations		\$50,000	Richardson -Holding company: Purchase existing business		\$130,000
Peterson, M & J -Lawn maintenance: Equipment		\$3,500	Swerdna Services Ltd. -Highway line painting: Restructure debt, working capital		\$110,000	Rukus Bobcat Service Ltd. -Vacuum truck: Equipment, working capital		\$200,000
Robert, L. -Water sales: Equipment		\$21,000	Tall Timber Forestry Services Co. Ltd. -Forestry consulting: Restructure debt		\$250,000	Sass, P. -Wine & beer making supplies: Change of ownership		\$25,000
Sauerwein & Desjardins -Catering: Equipment, working capital, restructure debt		\$25,000	Tennis Time Inc. -Specialized equipment rental: Equipment		\$90,000	Sunburst Graphics Ltd. -Signs & decals: Land & building		\$114,000
Sidorchuk, V -Women's apparel: Establish new business		\$150,000	Thoben, J & L -Bakery/sandwich bar: Equipment, leasehold improvements		\$65,000	Spurline Construction Ltd. -Powerline construction: Equipment		\$14,000
Silliker, M -Woodworking/sales: Working capital		\$20,000	Triple B Reclamation Ltd. -Environmental reclamation: Restructure debt, working capital		\$60,000	Tienkamp, D & V -Custom fencing: Equipment		\$22,000
SS Custom Auto Ltd. -Automotive repair & sales: Establish new business		\$250,000	V.J.'s Fast Foods Ltd. -Fast Food Restaurant: Purchase existing business		\$195,000	Wendt, C. -Custom fencing: Equipment		\$48,000
Stampede Steel Manufacturers Ltd. -Mfg livestock handling equip: Restructure debt, working capital		\$100,000	Weiss Mechanical Services Ltd. -Automotive repair: Vehicle, restructure debt		\$85,000	581244 Alberta Ltd. -Motel & restaurant: Restructure debt, renovations, equipment		\$300,000
Tommy Ford Sales Ltd. -Ford dealership: Working capital		\$60,000	Wild Rose Truck Terminal Ltd. -Truck terminal: Building construction, restructure debt		\$150,000	727285 Alberta Ltd. -Service station, car wash: Renovations		\$18,000
Townline on the Mall Ltd. -Retail men's wear: Renovations		\$50,000	464397 Alberta Ltd. -Potpourri & spice manufacturer: Inventory		\$63,000	758204 Alberta Ltd. -Supplier of premises: Land & buildings		\$250,000
654254 Alberta Ltd. -Subway franchise: Purchase premises, restructure debt		\$168,000	632081 Alberta Ltd. -Water hauling/vacuum truck: Equipment		\$125,000	Arctic Energy Systems Ltd. -Pressure testing: Establish new business		\$220,000
692987 Alberta Ltd. -Beverage container depot: Construct premises		\$270,000	664444 Alberta Ltd. -Motel: Renovations, equipment		\$180,000	Arlyn Enterprises Ltd. -Packager & distributor: Support line of credit		\$300,000
694463 Alberta Ltd. -Hotel/tavern/restaurant: Working capital		\$7,000	731505 Alberta Ltd. -Sports lounge: Leasehold improvements		\$100,000	Asplund & Klone-Asplund -Custom iron products: Equipment, working capital		\$20,000
733082 Alberta Ltd. -Millwright: Equipment		\$20,000	742728 Alberta Ltd. -Renovations/plumbing: Purchase land, working capital		\$118,000	Grande Meadow Equine Centre Inc - Equine care facility: Establish new business		\$242,000
74155 Alberta Ltd. -Shell service station: Equipment, inventory		\$50,000	Amperand of High Prairie Ltd. -Health food store: Inventory, working capital		\$26,000	Grizzly Automotive Inc. -Automotive service & repair: Restructure debt		\$18,000
774638 Alberta Ltd. -Supplier of premises: Renovations, restructure debt		\$75,000	Artesian Insurance (Spirit River) Ltd. -General insurance agency: Purchase existing business		\$250,000	H & D Sparrow -Tire shop: Construct new building		\$500,000
Alpine Radiator Ltd. -Brake, muffler parts: Working capital, parts		\$65,000	Bagel Mavens -Bakery & Bistro Ltd.: Land & building		\$110,000	Jentel Manufacturing -Plastic manufacturing: Equipment, restructure debt		\$113,000
Blindman River Meat Processors Ltd. -Custom meat cutting: Land & building, equipment		\$45,000	Black Dipper Construction Ltd -Contractor: Equipment		\$17,000	Learmont, C. -Music & sound production: Equipment		\$15,000
Brewster's Auto Repairs Ltd. -Auto repair shop:			Border City Aviation Ltd. -Aircraft charter, flight training: Building addition		\$85,000	Millview Development Corporation -Bowling, lounge, arcade: Land, building, equipment		\$640,000
			Canadian Language College Inc. -Premises			Motco Holdings Ltd. -Truck & RV wash: Building, equipment		\$150,000
						Parkland Store & Campground Ltd. -Site		

ALBERTA

Name	Purpose	\$ Amount	Name	Purpose	\$ Amount	Name	Purpose	\$ Amount
improvements: Equipment		\$200,000	800848 Alberta Ltd. -Restaurant: Purchase			Ag-Plus Mechanical Ltd. -Heavy duty		
Plant Pro Ltd. -Oilfield supply, service & rental:			existing business		\$170,000	mechanic: Restructure debt, working capital		\$75,000
Equipment		\$32,000	AAA Steel Limited -Steel fabricator:			Allstar Radiator & Air Conditioning Services Ltd.		
Ponoka Cabinet Makers Ltd. -Manufacturer of			Building		\$50,000	-Supply & service: Restructure debt, working		
cabinets: Equipment		\$30,000	Budget Upholstery Inc. -Upholstery shop:			capital		\$245,000
Prairie Signs (1980) Ltd. -Commercial signage:			Equipment, working capital		\$40,000	B.K. Holdings Inc. -Hotel: Restructure debt,		
Building repair		\$15,000	Cherokee Controls Ltd. -Instrumentation/			equipment, renovations		\$125,000
Prism 2000 Inc. -Retail commercial paint &			Electrical services: Building, equipment,			Balan Corporation -Internet café:		
glass: Purchase existing business ...		\$72,000	working capital		\$150,000	Equipment		\$17,800
Sharks Billiards & Sports Lounge Ltd. -Billiards			Don-Ty Sales Ltd. -Wholesaler, retailer,			Canadian Commercial Aircraft Holdings Inc. -		
& sports lounge: Site improvements ..		\$11,000	installation of large trees: Restructure			Airline support & aircraft repairs:		
Tanios, J & W -Pizza restaurant: Renovations,			debt		\$930,000	Building		\$450,000
equipment		\$40,000	Handee Hardware & Rentals Ltd. -Retail			Christina River Catering Ltd. -Industrial camp		
Vassberg -Concrete cutting/coring:			hardware: Restructure debt		\$230,000	catering: Restructure debt, building\$165,000		
Equipment		\$160,000	Hip Joint Productions Inc. -Silkscreening &			Dyna Star Coil Tubing Services Ltd. -Oil/gas		
Vision Works Commercial Productions Film			embroidery: Working capital		\$40,000	servicing: Restructure debt, working		
transfer, video duplication: Equipment			Innovative Technical Solutions Inc. -Ignition			capital		\$1,000,000
\$110,000			system testing units: Working capital,			Eclectic Industries Inc. -Mfg of play systems:		
Visual Concepts & Design Ltd. -Visual display/			inventory		\$60,000	Working capital		\$55,000
special events: Working capital, restructure			Jones & Watkins -Concession: Building\$10,000			Flint, T. -Leather & upholstery shop: Working		
debt		\$90,000	Jordy McAuley Outfitting Ltd. -Guide & outfitter:			capital		\$10,000
Wong, W. -Bakery/Café: Leasehold		\$40,000	Land & building		\$122,000	Ged's Hydraulic & Field Repair Ltd. -Heavy		
725718 Alberta Ltd. -Fast food restaurant:			K.C. Stolson Business Enterprises Ltd. -Tow			duty mechanic field repair: Change of		
Renovations, equipment		\$18,500	truck company: Truck & modifications\$30,000			ownership, working capital		\$36,000
792353 Alberta Ltd. -Supplier of premises:			Precision Cutting Inc. -Sawmill, labour			Joshua's Quality Groceries Ltd. -Grocery store:		
Change of ownership		\$227,000	contracting: Equipment		\$450,000	Purchase existing business		\$73,000
Amyotte, M. -Fabric store: Restructure debt,			Quintel Communications Ltd. -Mobile			Llomar Trailers 1998 Ltd. -Retail sales &		
working capital		\$19,000	communications: Restructure debt,			service: Inventory, working capital .		\$100,000
Bluebird Painting & Decorating Ltd. -			equipment		\$855,000	Mann & Mann Insurance Brokers Ltd. -General		
Restaurant: Construct new premises\$114,000			Red Earth Truck Wash & Laundromat Ltd. -			insurance agency: Purchase existing		
Broken Toy Autobody Ltd. -Autobody repair &			Truck wash/laundromat: Equipment,			business		\$246,000
painting: Construct new premises ..		\$165,000	restructure debt		\$160,000	Maryn International Ltd. -Dev.mfg. high		
Cochrane Theatre Inc. -Movie theatre:			S. Pilby Photographic Inc. -Photographic			performance lubricants: Inventory, working		
Establish new business		\$950,000	lighting mfg: Restructure debt, equipment			capital		\$400,000
Commercial Woodcrafts Inc. -Mfg. Of			\$115,000			McKenney, K. -Two way radio sales & service:		
architectural millwork: Working capital\$82,000			Schneider, G. - Truck storage: Land &			Restructure debt, inventory		\$15,000
Dwayne Air Ltd. -Helicopter services: Working			building		\$45,000	Person, L. - Fast food & catering: Purchase		
capital, support line of credit		\$100,000	Tocca Enterprises Ltd. -Crude oil hauling:			existing business		\$25,000
L.A. Silk Flowers & Tropicals Ltd. -Flower &			Change of ownership		\$36,000	R & S Grader Services Ltd. - Restructure debt,		
card shop: Equipment, leasehold			Tru-Line Construction Inc. -Concrete forming,			working capital		\$35,000
improvements		\$20,000	placing, finishing: Restructure debt, working			Vaughan's Auto Body & Frame Ltd. -Auto body		
Longstaff, J. -Photography: Equipment\$40,000			capital		\$66,345	shop: Inventory, working capital, restructure		
MacSwain, S. -Billiards hall: Restructure debt,			VanReekum, C. -Home support: Working			debt		\$112,000
working capital		\$40,000	capital, equipment		\$7,500	552980 Alberta Ltd. -Ladies clothing & shoe		
Master Billiards Enterprises Ltd. -Billards hall/			Vargas, E & G -Custom made clothes: Working			store: Land & building		\$212,000
restaurant/bar: Purchase existing			capital, restructure debt, equipment .		\$11,000	592921 Alberta Ltd. -Dairy Queen franchise:		
business		\$132,800	Zheng & Wei -Copying services: Restructure			Equipment, restructure debt, construct		
Orbit Construction Services Ltd. -Installer of			debt, equipment		\$40,000	building		\$980,000
guardrails: Restructure debt,			369685 Alberta Ltd. -Confectionery store:			589983 Alberta Ltd. -Machine & welding shop:		
equipment		\$153,000	Renovations, restructure debt		\$41,000	Restructure debt, working capital ...		\$417,500
Rica's Daycare Ltd. -Convenience store & gas			679675 Alberta Ltd. -Family restaurant:			653626 Alberta Ltd. -Roofing equipment,		
bar: Inventory		\$42,500	Restructure debt		\$110,000	supply & service: Land & building ..		\$120,000
Roy Land Holdings Corp. -supplier of premises:			769558 Alberta Ltd. -Oilfield safety consultants:			806042 Alberta Ltd. -Care, pruning of shrubs,		
Construct premises		\$40,000	Working capital		\$24,000	trees: Equipment		\$30,000
Ruth E. White Professional Corporation -			773590 Alberta Ltd. -General store: Restructure			802304 Alberta Ltd. -Radio Shack franchise:		
Certified GA: Working capital		\$20,000	debt, working capital		\$60,000	Purchase existing business		\$290,000
599674 Alberta Ltd. -Restaurant & mobile			789775 Alberta Ltd. -Motel: Purchase existing			Altech Windows, Renovations & Supplies Ltd. -		
catering: Renovations, equipment		\$7,000	business		\$85,000	Supply & installation: Restructure debt,		
647838 Alberta Ltd. -Service station/			803523 Alberta Ltd. -General contracting:			inventory, leasehold improvements \$29,000		
convenience store: Equipment		\$250,000	Restructure debt, equipment, working			Debolt Esso -Service station: Purchase existing		
698006 Alberta Ltd. -Carpet & floor coverings:			capital		\$103,000	business		\$250,000
Land & buildings, renovations		\$155,000	Aeroflex Athletic Club Inc. -Athletic club:			Deib, R. -Maintenance & renovation service:		
			Equipment, working capital		\$40,000			

SASKATCHEWAN

AIDA

and high taxes add to farmer's woes

by Richard Truscott

While governments hold out a hand to hard-pressed farmers with the flawed Agriculture Income Disaster Assistance program (AIDA), their other hand continues to pick the farmers' pockets with increased property taxes and other levies.

As the income crisis has grown, so has the property tax bill for farmers, increasing by 52% since 1986, and growing by \$20 million between 1994 and 1998. In fact, while the cost of other farm inputs (aside from machinery) has been dropping, property taxes have been steadily growing. Overall farm input prices increased 3.5% in 1996, and then fell by 0.1% in 1997, 0.5% in 1998, and 1.3% in 1999. Meanwhile, property taxes rose 7.3% in 1996, 4.3% in 1997, and 4% in 1998, only levelling off in 1999.

Ironically, property taxes are not considered an "input cost" by the AIDA program.

How bad is it for Saskatchewan farmers? This province has 44% of all Canadian farmland in production, but only 2% of Canada's total realized net farm income in 1999.

As for AIDA, it has had little impact on the farm income crisis, but has certainly grown a bumper crop of bureaucracy. So far, Saskatchewan farmers have received only \$11.6 million of the \$175 million supposedly available to them through AIDA, not much more than the \$6.9 million that has already been spent on administering the program.

You may have heard of the fellow who received a cheque for \$8 from AIDA after spending \$100 for his accountant to fill out the application forms. The rest of his relief (\$2) is in the mail. I'm sure that last "toonie" will go a long way to rescuing his livelihood.

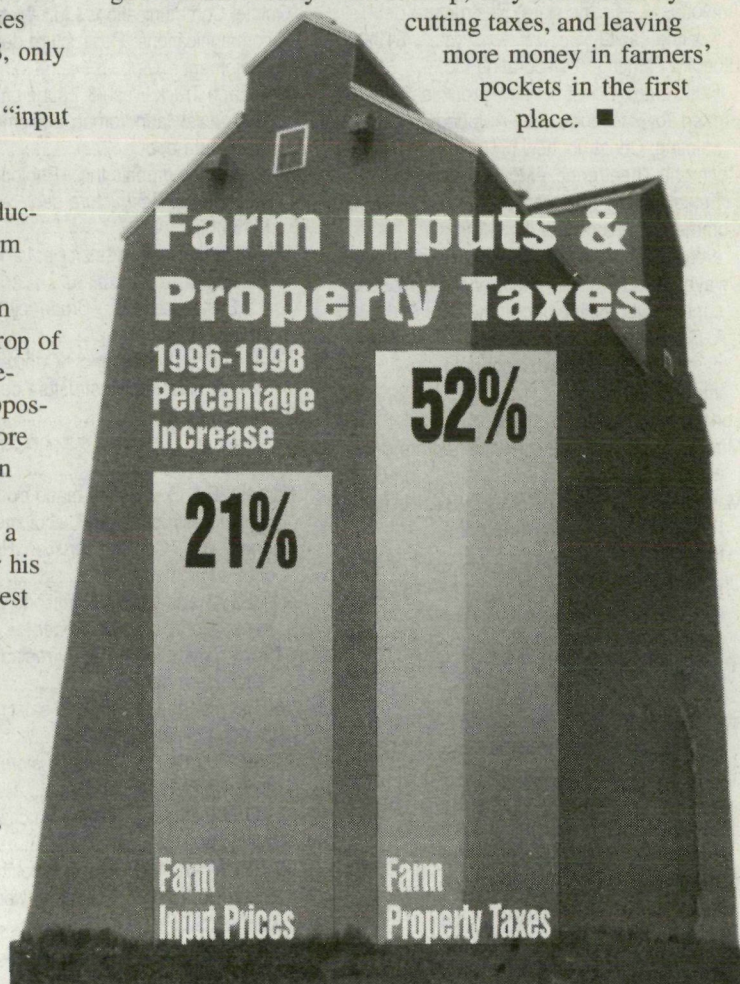
So what's the problem with AIDA? Like most bureaucracies, it seems more part of the problem than part of the solution.

Under its guidelines, only a fraction of farmers are eligible for significant relief. You can only get AIDA if your income is less than 70% of the average for the last three years. In other words, the more prolonged your "income disaster" has been, the less likely you are to qualify for

assistance. So if you have had three good years and one bad year, you're all set. But if you have had a string of bad years, you're out of luck.

Farmers are also upset about the super-complicated 19-page AIDA forms, which fail to account for such farm realities as rent on land, buildings, machinery, livestock, taxes, and interests on loans. As one MLA said, "Who comes up with this stuff? Do they know anything about farming?"

Instead of actually helping farmers, the government is forcing them to navigate a costly maze in the vain hope of finding a bit of cheese at the other end. If our governments really want to help, they could start by cutting taxes, and leaving more money in farmers' pockets in the first place. ■





Where are Saskatchewan's tax pioneers?

by Richard Truscott

This article is about provincial income tax, and the need for bold action. But first I have to ask - Where are our pioneers?

Saskatchewan has always had trailblazers; from the pioneers who settled the harsh prairie, to the innovators who made this province the birthplace of co-operatives and many modern social programs. Whether you agree with the extent of these policies or not, one thing is for certain, Saskatchewan has always been a province where new things happen.

But since then, the leaders of our province settled into a comfortable rut. Just as the world began moving more quickly, our politicians seemed to slow down.

Many of Canada's other provinces, with varying degrees of success, have moved with the times - economically, socially, and politically. But what of Saskatchewan? The debates over Crown Corporations, taxes, etc. would not be out of place in the 1960s or 70s. But they are out of place in the latter part of the 1990s.

The people of Saskatchewan need to demand more of their leaders. You deserve more. We need to recapture the spirit of innovation and achievement that has been the source of Saskatchewan's greatest successes, and use it to propel us forward.

Perhaps our government should take some inspiration from the Alberta Income Tax Review Committee. This committee, comprised of government MLAs, recently shocked Alberta with a bold proposal to reform provincial income tax. Their recommendations, based upon a submission from the CTF, were incorporated wholesale into the last Alberta budget. They were essentially threefold:

First, stop calculating provincial income taxes as a percentage of federal income tax. In other words, take control of the provincial income tax rate away from Ottawa.

Second, have a single 11% provincial income tax rate, and double the personal and spousal exemptions to about \$12,000. Taxes remain "progressive" because lower income people pay tax on a much smaller portion of their income, thanks to the larger personal exemptions. At the same time,

people will not be penalized with higher tax rates as their income increases.

And third, fully index taxes to inflation. By not accounting for inflation, federal and provincial governments have used "bracket creep" to steal billions of dollars from the pockets of taxpayers whose real income has not increased. Full indexation of the provincial income tax exemption will help put an end to this crooked and costly scheme.

Alberta's income tax proposals will return \$600 million per year in the form of lower taxes. Thanks to increased basic exemptions, 78,000 low-income people will drop off the provincial tax rolls entirely. This will be welcome relief, especially considering the higher CPP premiums that are on the way.

Which brings me back to my first question: Where are Saskatchewan's pioneers?

We can't let our provincial government sleep through yet another economic and fiscal innovation. It's time for our government to move out of the 1970s and into the 21st century with a "Made In Saskatchewan" income tax system that serves the needs of Saskatchewan taxpayers! ■

The Summer of Rural Discontent

by Richard Truscott

There is more than wheat growing this summer under the prairie sun. As farm incomes have dropped to disastrous levels, anger is growing among farmers who are on the verge of rebelling against big increases in property taxes.

It was reported that farmers in the Rural Municipality of Benson have been talking of tax revolt. One of the tax protest organizers told the Star-Phoenix "There is no accountability. We have got to rein them in somehow, and this is probably the only way to do it."

While farm incomes have dwindled, rural property taxes have increased 75% since the mid-1980s: 44% in the municipal tax portion and an incredible 100% in the school tax bill. It is bad enough that our

governments are putting the squeeze on farmers who are suffering through a terrible income crisis. What's even worse is that some taxpayers are desperate enough, and frustrated enough with unresponsive politicians, to consider breaking the law by refusing to pay taxes.

In much of Saskatchewan, citizens have a remedy for increasing property taxes and other actions of their local politicians. The provincial acts that define municipal government for cities and northern areas allow the residents of these communities to petition local government, and put so-called "citizen initiatives" to a popular vote. For example, Regina residents could initiate a referendum calling for tax increases to be approved by the people. If it passed, tax increases in Regina would have

to be put to a public vote.

However, this democratic outlet is DENIED to citizens in rural areas of Saskatchewan. It is strangely missing from the *Rural Municipalities Act* that governs areas of the province hit hardest by the farm income crisis and property tax increases.

So is a tax revolt really the only remedy available to desperate farmers? That question must be answered by both provincial and municipal politicians.

First of all, both levels of government should acknowledge that you can't get blood from a stone, and reconsider the actions that have led farmers to the brink of a tax revolt. Municipalities and school boards are getting the brunt of rural anger, but provincial politicians are in many ways the villains of the piece. In order to trim the provincial budget and taxes, they shifted the burden onto municipal taxpayers through changes to the property tax system, provincially-mandated cost increases (in teachers pay, for example), and funding cuts.

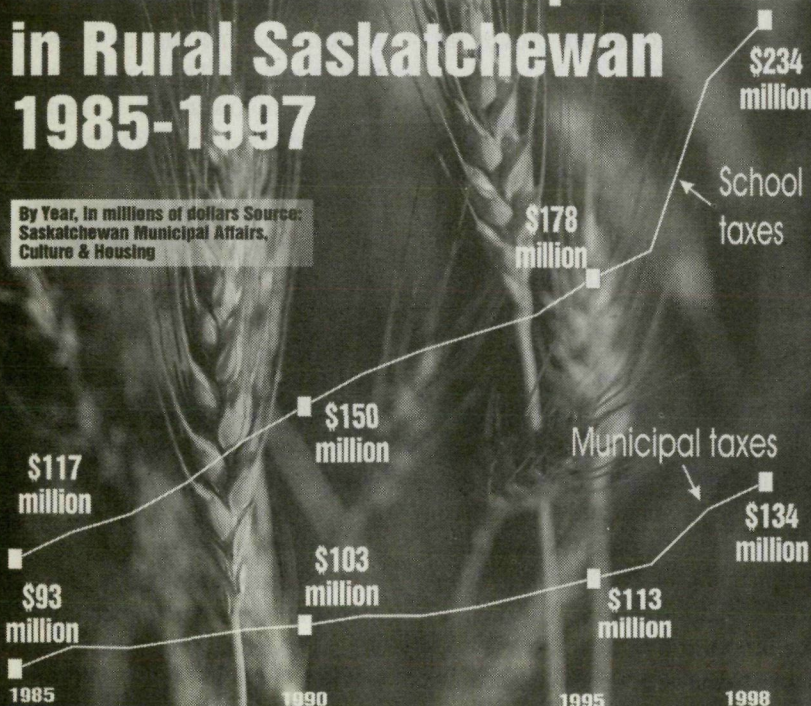
This provincial strategy might be summed up as "spread the pain and duck the blame."

In response to the rural tax crisis, the CTF is calling for tax relief and an immediate provincial review of the property tax system, similar to the ongoing review of income taxes. The province should also amend the *Rural Municipalities Act* to allow rural citizens the same democratic rights of petition, citizen initiative, and referendum available in the cities and in the north.

If the province is unwilling to give rural citizens a legitimate outlet for tax protest, they must bear the responsibility if there is a tax revolt. ■

School and Municipal Taxes in Rural Saskatchewan 1985-1997

By Year, in millions of dollars Source: Saskatchewan Municipal Affairs, Culture & Housing



SASKATCHEWAN

Saskatchewan Must Cut Taxes

by Richard Truscott

Can Saskatchewan afford to cut taxes? Government ministers and some editorialists say NO. They say we need a "balanced approach", which is probably code for doing nothing. For example, if your kid's room is a disaster area, is he or she taking a "balanced approach" to housework?

Not that I'm comparing Saskatchewan's finances to a messy room. Most messy rooms don't cost \$724 million per year to service. The high cost of Saskatchewan's \$11 billion debt is the excuse vigorously waved by those opposed to tax cuts. Because this is more or less a fixed cost (or so the argument goes), tax cuts would either balloon the deficit, or require cuts to healthcare and education.

Those are good arguments if you want to shut down the tax cut debate. However, they don't hold water for three reasons:

The first is that over the medium and long term, tax cuts help pay for themselves by creating a stronger economy that generates more (not less) tax revenue. This has been demonstrated time and again in provinces where taxes have been cut. Cutting taxes is like igniting a pinwheel firework. Once the rocket of lower taxes is lit, the wheel of prosperity starts to spin, creating new business activity, jobs, and more tax revenue.

The second reason is that we can reduce debt costs by selling surplus government assets. The government's empire of Crown-owned enterprises is worth billions of dollars. Cash from the sale of these assets would pay down the debt and vastly improve our fiscal situation. Furthermore, the influx of private investment into the government-dominated Saskatchewan economy would stimulate job creation, eco-

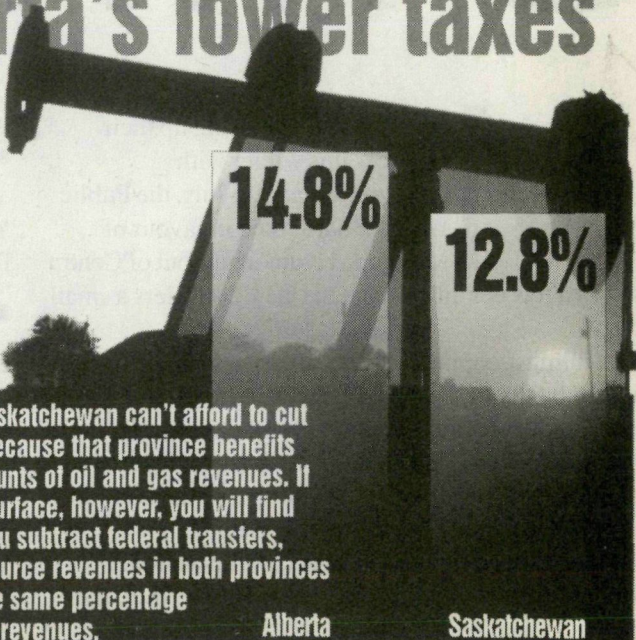
nomie growth, and (you guessed it!) more tax revenue.

The third reason is that we must become competitive with our neighbours. We all know that Alberta is planning to lower taxes, but so is Manitoba. By next year, Manitoba will have the third-lowest income taxes in Canada, after Alberta and Ontario. Can Saskatchewan, sandwiched among the lowest tax regimes in Canada, truly afford to be a high-tax province?

Some say the tax cuts of our provincial neighbours are irresponsible and even cruel, an example that we must not follow. What horrible places these provinces must be! We should look at our high tax bills with pride. While we're patting the government on the back with one hand, the other hand will be waving goodbye to our sons and daughters as they pull out of the driveway for Calgary, Toronto or Brandon.

Saskatchewan has exported people for so long that some think it's normal. But we shouldn't waste any more time on this defeatism. It's time to break the cycle and change the future for the better – by giving business and people a tax break. ■

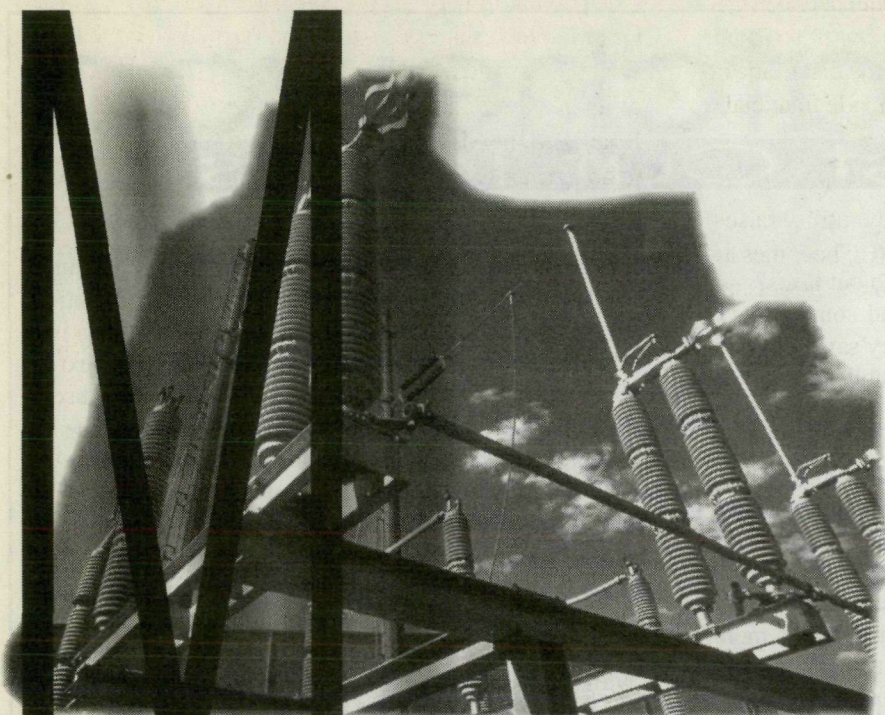
Oil is not the reason for Alberta's lower taxes



Some argue that Saskatchewan can't afford to cut taxes like Alberta because that province benefits from generous amounts of oil and gas revenues. If you dig below the surface, however, you will find this is not true. If you subtract federal transfers, non-renewable resource revenues in both provinces comprise almost the same percentage of total government revenues.

Alberta

Saskatchewan



Manitoba Hydro to Fire Up New Gas Utility

Manitobans will be firing up their furnaces this winter with government gas. In July, the Public Utility Board ruled in favour of Manitoba Hydro's buy-out of Centra Gas with a few conditions that the CTF considers a small victory.

The ruling recommends that: Hydro should be fully regulated by the PUB; Hydro must keep separate accounting records for the electric and gas utility; Hydro must find \$12 million in cost savings; Hydro must not cross-subsidize the operations of the electric and gas utilities; and Hydro must shorten its amortization period for all cost of the transaction.

At the first day of public hearings on June 28th, the Canadian Taxpayers Federation spoke in opposition to

the nationalization of Centra Gas by Manitoba Hydro, recommending the Public Utilities Board rule against the proposed transaction.

"The province's central planning model for the energy industry is

unlikely to deliver any benefit to Manitoba taxpayers," said Victor Vrsnik, CTF provincial Director.

The CTF concluded that the risks of nationalization should be avoided at all costs. Highlights of the CTF's presentation to the PUB are as follows:

- The accumulation of a \$486 million liability guaranteed by Manitoba taxpayers is an unwelcome burden in an era characterized by accelerated debt retirement.
- Hydro's explanation as to how \$12 million in cost savings are to be achieved is far from convincing. The danger that operational costs may in fact escalate disproportionately over the years and push gas rates up cannot be ruled out.


MANITOBA

- Abandoning the competitive model between gas and electricity distributors in favour of a virtual power monopoly may diminish the discipline of competition, and consequently erode financial targets.
- Potential political meddling in the utility raises fears that if the Crown Corporation becomes an instrument of public policy, financial targets may be compromised.
- Taxpayers and consumers are on the hook for any errors in judgement by the utility management. No shareholders will be available to absorb any losses.

Upon learning of the proposed acquisition of Centra Gas Manitoba shares by Manitoba Hydro in March this year, the Canadian Taxpayers Federation (CTF) and many of its members formally petitioned the Public Utilities Board and the Minister Responsible for Manitoba Hydro to hold a public review, including public hearings, before the transaction was concluded.

The CTF's initial complaint to the Board concerned the impact of the transaction on Manitoba taxpayers with regard to potential rate changes and public debt accumulation. The lack of information available to the public prior to the setting of this review was also considered cause for alarm. The CTF succeeded in forcing public hearings before the historic transaction was sealed. ■

Canada's Brain Drain Versus Cuba's Braun Drain

A black and white photograph of three male sprinters in mid-stride on a running track. They are wearing athletic gear, and their shadows are cast on the track surface. The image is positioned between the main title and the sub-header.

A handful of Cuban athletes defecting to Canada during the Pan Am Games has Fidel Castro hopping mad. Meanwhile, 98,000 Canadians moving to the United States in 1997 draws yawns from the Prime Minister.

To deflect attention from the quality of life in the worker's paradise, Castro went on a verbal rampage of the Pan Am Games and blamed Canada and the media for encouraging the defections. Any serious debate as to why Cuban athletes are defecting would likely weaken Castro's grip on power. Jean Chretien has as much to lose by conceding high taxes and lower disposable incomes are driving Canadians to the U.S.

Despite the communist mumbo jumbo, at least Castro acknowledges the defections actually

occurred. Prime Minister Jean Chretien, on the other hand, is in complete denial. He says Canada's brain drain is a myth, orchestrated by "business people who want tax cuts."

A recent report by the Conference Board of Canada said the number of skilled Canadians that are leaving for the United States has jumped from 17,000 in 1986 to 98,000 in 1997, roughly a six-fold increase.

The numbers of Cuban defectors or Canadian expatriates tell only part of the story. For every one that gets away, hundreds more wish they could do the same. The free exchange of labour across borders in the Americas could become one of the greatest social levellers. Somehow, I doubt high taxes and communism will come out on top. ■

MANITOBA

Audit Indian Affairs

Open letter to the Prime Minister Jean Chretien.

July 27, 1999

Dear Prime Minister:

On July 21, 1999, a group of 60 frustrated residents from the Lake St. Martin First Nations reserve took their grievances with band officials to the Canadian Taxpayers Federation offices in Winnipeg, following a two and a half day protest march from their reserve. The Lake St. Martin First Nations Accountability Committee held the march to raise awareness to problems on their reserve that stem not from a shortage of funding, but from a lack of accountability by the band council.

The question of accountability and transparency on native reserves is now all too commonplace. The objections outlined by the Lake St. Martin protesters have also been articulated by residents of the Sagkeeng reserve and the First Nations Accountability Coalition in Manitoba. Accountability mechanisms are necessary to maintain the support and confidence of First Nations members and Canadian taxpayers.

The appalling conditions on Canada's native reserves are well noted but poorly accounted for. Time and time again, ordinary band members blame band officials for squandering federal expenditures targeted at improving the quality of life on the reserve. Of the \$4.5 billion that Indian Affairs spends on Canada's reserves, over 80 percent winds-up in the hands of band councils, not individual residents.

Steering support payments to individuals through band councils first, is as preposterous a system as Ottawa sending Old Age Security payments to municipalities to distribute. If the money is not reaching the individual residents of the funded reserves, then Indian Affairs should steer funding to individuals directly, bypassing the band council bureaucracy entirely.

In the meantime, 'independent' financial and operational audits should be commissioned by the federal government to satisfy Canadian taxpayers that tax dollars are being managed appropriately and that Indian Affairs programmes are run efficiently and effectively.

The Auditor General, Denis Desautels, has also highlighted this issue in his reports, criticizing the federal government for transferring large grants to native bands without following up to see how funds were managed. The Auditor General recommended operational audits of Indian Affairs grants to measure the effectiveness and efficiency of Indian Affairs programmes.

The Canadian Taxpayers Federation urges the federal government to take heed of the Auditor General's recommendations and implement independent financial and operation audits of Canada's native reserves. Thank you.

Respectfully,

Victor Vrsnik
Provincial Director, Manitoba Division

Walter Robinson
CTF Federal Director

Captains of Industry No Match for Rising Tide of Taxes



by Victor Vrsnik

Even a king's ransom isn't enough to silence all members of the corporate sector from railing against high taxes.

Captains of industry John Roth from Nortel, and David O'Brien from Canadian Pacific, recently spoke out against Canada's excessive tax burden. Both lamented Canada's inability to stay tax competitive with the U.S., where both firms are losing talented Canadian professionals.

Influential leaders of industry may sympathize with the 'over-tax' sentiment, but few are stepping up to the plate to speak against it. More likely they are queuing up for the spoils of high taxes: corporate welfare.

Ottawa's appalling record of picking the winners from the losers through business subsidies does not entirely inspire confidence. As of last year, only 15 percent of repayable government loans totalling in excess of \$3.2 billion have been repaid.

The government lavishes business with subsidies and tax breaks to remind the corporate sector of their station, expecting them not to upset the apple cart.

Not unlike many other Manitoba companies, pollsters Western Opinion Research and Angus Reid made-off with a fortune in taxpayer dollars. The media reported that Western Opinion - the Tory's polling

targeted employment figures.

Taxpayers are the first casualty of business subsidies and the tax cut movement is second. Government expects taxpayers to suck it up and sacrifice their labour to another company's benefit in the noble pursuit of nurturing business development.

Firms that benefit from business subsidies or special tax breaks are unlikely to stand before the rising tide of taxes. Alone, the appeals of Messrs. O'Brien and Roth will be no more successful than that of King Canute, the eleventh century Viking ruler, who sat on the shore commanding the tide to come no further.

The tax cut movement suffers a blow whenever a

business is bought off by government. The National Post editorial board amplified the point saying that, "the tax cut movement needs vocal advocates from the corporate sector, not weak-willed shills."

To be successful, the tax cut movement depends on the vertical integration of individuals, groups, and businesses to coalesce around the single most important source of plunging incomes and productivity - high taxes.

The movement must raise an army of tax-fatigued individuals from all quarters prepared to fight for fair and equitable taxes. Barring that, the all-powerful government will pick-off and divide representative groups one-by-one with special status, subsidies and tax breaks. ■

CTF-Manitoba initiated a billboard campaign in the provincial election calling for tax cuts

Need
a raise?
Vote for
income tax
cuts.

CANADIAN
Taxpayers
FEDERATION

www.taxpayer.com

ONTARIO

Economic Outlook for Ontario

by Bruce Winchester & Walter Robinson

Although the May 4th Budget was short-circuited by an election, it seems the re-elected Harris government will stay the course. Strong economic performance has contributed to shrinking deficits, low unemployment and growing government revenues. But we are concerned that spending is at an all-time high with no concrete plan to reduce the size of government.

Deficit

Long term deficit reduction plans remain intact, with a balanced budget slated for the 2000/2001 budget. Deficit targets for the last 4 years have been exceeded by an average of 19%. Good work! The budget deficit for 1999-2000 is projected at \$2.1-billion. Deficit reduction is ahead of schedule, but meaningful debt reduction is not yet on the radar screen and we're still waiting for Mr. Harris to honour his pledge (4 years, 5 months and counting...) to make future deficits illegal.

Revenue Growth

So where does Ernie Eves get all that money he has to spend each year? In Chart #1 you can see where \$1 of

Ontario government revenue came from in 1997-98 and where it will come from in 1999-2000.

Total revenues available to the government are up — some 10% over the past three years — due in no small part to reductions in income tax. More employment and consumer spending equals growth and higher revenues.

Spending

Along with taking in more revenue, the government is also spending more this year. In Chart #2, you can see how Mr. Eves will spend one of your tax dollars last year and next:

- Debt charges, while decreasing, still account for sixteen cents of each dollar.
- More spending on education and health reflect their importance to Ontario taxpayers. This spending must be accompanied and based in performance outcome measures to ensure that these government monopolies are providing value to taxpayers.

By contrast, spending on both municipalities and

Chart #1
Where the provincial government gets each \$1 in Revenue from

	1997-98	1999-2000
Taxation	\$0.79	\$0.71
Personal Income tax	\$0.31	\$0.27
Sales Tax	\$0.20	\$0.21
Corporate Income Tax	\$0.15	\$0.13
Other	\$0.13	\$0.10
Other Revenue	\$0.07	\$0.14
Federal Payments	\$0.10	\$0.09
Government Enterprises	\$0.04	\$0.06
Total Revenue	\$52,518 million	\$58,150 million

ONTARIO

social services decreased by 12% in the last three years.

What is missing is a strategy for reducing the size of government. The gutting of the Minister of Privatization portfolio is not encouraging. TV Ontario and the LCBO are still on the province's books and deserve a solid second look as privatization candidates. And the province must go further in exploring contracting out in a variety of areas, from vehicle fleet management to real property management to provincial parks to

correctional services, a lot of work on the spending front remains.

Tax Cuts

The most significant news in the 1999 budget is the introduction of more personal income tax reductions. In the 1998 budget, personal income tax was reduced to 40.5% of federal income tax payable — the lowest rate

Chart #2

Where the provincial government spends one of your tax dollars each year

1999-2000

Health	\$0.35	\$0.35
Debt charges	\$0.16	\$0.16
Education	\$0.14	\$0.20
Social Services	\$0.15	\$0.14
Other	\$0.15	\$0.11
Municipal Affairs	\$0.04	\$0.03
Transportation	\$0.01	\$0.01

Total Spending

\$53,961 million

\$56,843 million

A two-income family

of four has saved



\$1,430

**in
personal
income tax
since 1995.**

ONTARIO

of all 10 provinces. What could the finance minister do to top that? Why, more tax cuts of course. The 1999 budget further reduces the personal income tax rate to 38.5% of federal income tax payable in addition to reducing the provincial government's education portion of property taxes.

The Results:

- A two-income family of four with a household income of \$60,000 has saved \$1,430 in Ontario personal income tax since 1995.
- A one-income family of four with a household income of \$34,500 has saved \$1,685 in Ontario personal income tax since 1995. This family will also receive \$440 per year Ontario Child Care Supplement beginning in 1999-2000.

Property tax reductions are more difficult to calculate. Remember that the province's education portion is less than 0.4% of an average property tax bill.

According to the budget documents:

- A two income family of four with \$60,000 in household income could save up to \$90 per year.
- A one income family of four with \$34,500 in

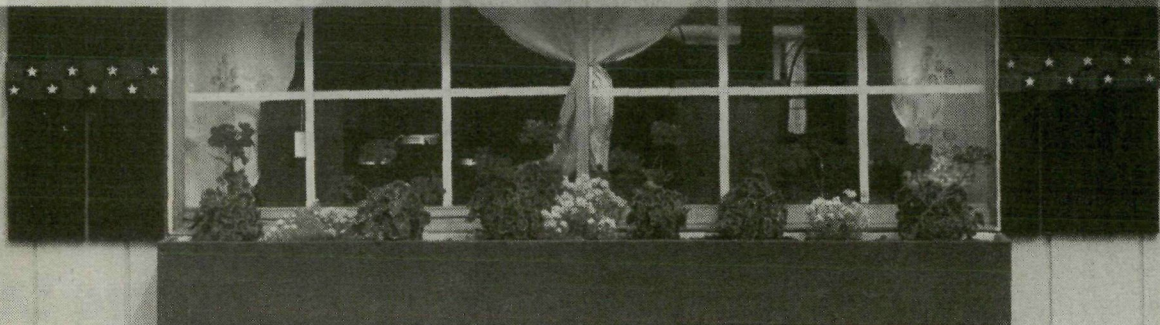
household income could save up to \$55 per year.

Because property taxes are a percentage of property values, these may vary with no relation to income or family composition. It is hard to know the exact benefit each property owner will get as a result of these changes. This is modest relief, but it is a step in the right direction. Any tax reduction is welcome news, but this small amount will not reverse large increases expected over the next three to ten years due to the combined impact of "Who Does What" and Bill-160, the new Education Act. For most Ontarians, these changes have increased their property tax bill. There is ample room for significant improvements to the current property tax regime.

Summary

Reductions in personal income tax and the provincial component of property taxes are commendable. At the same time failure to recognize the dangers of increased spending without adequate attention to outcomes makes it likely that healthcare will be a lingering problem. If the government can't come to terms with this, further tax cuts are in jeopardy. Increased spending with no plan to tackle the debt means a reversal of taxpayer fortunes could be on the horizon. We can't afford this. ■

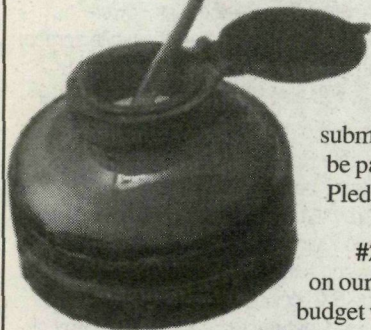
The 1999 Ontario budget reduces the government's education portion of property taxes. According to government documents, a two-income family with \$60,000 in household income could save up to \$90 a year in property taxes.



An Open Letter to Premier Harris

Dear Premier Harris:

Congratulations on your June 3rd election victory. Ontario voters gave you a mandate to continue the *Common Sense Revolution* (CSR) with the agenda outlined in the CSR's follow-up document, the *Blueprint*. Indeed, much of what is outlined in these documents are CTF priorities. We encourage you not only to meet all your commitments but consider further policy objectives we believe to be in the best interest of all Ontario taxpayers.



#1 – Taxpayer Protection and Balanced Budget Legislation. This is the major policy failure of your first term. Balanced budgets should be the law (as they are in six other provinces and one territory) and any government that wishes to raise taxes should submit this question to taxpayers in a binding, province-wide referendum. This legislation should be passed within the next 100 days. May we remind you that you signed our Taxpayer Protection Pledge on May 30, 1995 ... we are still awaiting its fulfilment.

#2 – Debt Reduction. Out of every dollar sent to Queen's Park, 16 cents covers the interest on our \$121 billion provincial debt. A legislated debt reduction plan should be included in the next budget with severe penalties for the Finance Minister and his/her cabinet colleagues if the plan is not followed.

#3 – Tax Cuts and Tax Reform. Across the board income tax cuts are the fairest way to reduce the burden on *all* taxpayers. In addition the government must also look at tax reform and strive for greater simplicity. We urge you to follow Alberta's lead by de-coupling our system from federal tax and implement a single-rate tax structure fully adjusted for inflation. This single rate structure should provide a generous basic personal exemption, thereby liberating the poorest in our society from punitive taxes.

#4 – Property Taxes and Downloading. Every effort must be made to correct the offloading of social welfare funding problems onto local municipalities. And while you're at it, a thorough examination of alternatives to our market value (or current value or actual value, they're basically all the same) assessment system is a priority. Actual acquisition price used in California or an adaptation of systems used in places like Israel or the United Kingdom deserve serious consideration as alternatives to our "drive-by assessment" system where home and business owners are left to "bleed" over their assessment notices.

#5 – Health Care. Ontarians were denied an informed debate on health care problems, choices and vision during the election campaign. This pivotal issue was reduced to an auction of spending promises and the peddling of unenforceable patient charters as the cure-all for public angst. It's time to focus on benchmarks, outcomes, results and the ultimate measure, a healthier population. While the debate is definitely over when it comes to the merits of tax cuts, Mr. Premier, the health care debate is just beginning.

#6 – Municipal Restructuring. Ramming one-tier government down the throat of Toronto was unwarranted. While reducing the numbers of politicians and city halls is very symbolic and makes for good sound bites, the cost savings are trivial and the transition costs often negate any savings to be found. If the government is intent on saving money at the local level, focus on the big-ticket items like services. Everything from busing to garbage pickup to ambulance dispatch should be put to the competitive test. Once services are restructured, new governance structures will become apparent. In some instances mergers will be warranted, and at other times simple elimination of local or regional levels will be the best solution.

We'll be monitoring your progress Mr. Premier. We wish you well and once again, congratulations.

Regards ...

Walter Robinson
Federal and Ontario Director
Canadian Taxpayers Federation

MILLENNIUM MADNESS

The following is a list of more grants handed out by Canadian Heritage to celebrate the year 2000. This list includes the name of the project, the group receiving the grant (in brackets), the location, the amount received and the government-stated purpose of the project.

100 Years of Canadian Sport, (Aquila Productions Inc./Insight Production Co. Ltd.), Edmonton, AB - \$100,000 - *100 Years of Canadian Sport* is a 12-hour documentary series hosted by Wayne Gretzky, that will be broadcast on TSN from the fall of 1999 through the winter of 2000. It will include a gala special on the eve of the new millennium.

An Arboretum for the Year 2000, Town of St. George, QC - \$97,040 - The residents believe that respect for their heritage is a sign of cultural maturity. They are restoring an abandoned lot in the town centre and planting some trees which will improve the quality of life.

An Evening in April 2000, (Secondaire en Spectacle), La Pocatière, QC - \$133,333 - In April, 2000, students from 300 secondary schools in Quebec will give voice in the April 2000 project, which will be the millennial edition of the regular showcase of talent called *High School Students Take the Stage*.

Research Terminal Intended for Independent Cultural Exploration, (McMichael Canadian Art Collection), Kleinburg, ON - \$468,667 - A CD-ROM based teaching tool will bring 100 years of Canadian art history into the classrooms.

B.C. and Canadian Tour of ICE, (DanceArts Vancouver Society), Vancouver, BC - \$400,000 - *DanceArts Vancouver* has developed a way to steer young people in directions that will allow them to achieve their potential.

Big Creek Canoe Navigation Millennium Project, (Long Point Region Conservation Authority), Simcoe, ON - \$16,860 - The canoe is a symbol of our heritage and Big Creek Navigation Millennium Project plans to open up Big Creek for canoeing once again. By clearing the way, canoeists would be free to paddle unimpeded down Big Creek's 91-kilometre route.

Blenkinsop Lake and Lochside Trail Project, (Corporation of the District of Saanich), Saanich, BC - \$265,000 - The goal is to provide a new opportunity for people to explore their community. By the turn of the millennium, the new trail will connect the

community in an exciting new way.

The Canada Japan New Century Creators' Project, (Harbourfront Centre), Toronto, ON - \$210,000 - Canadian choreographers will create for Japanese dancers and Japanese choreographers will produce works for Canadian dancers. All creative achievements will be shown in at least three places in each country, and teaching guides and CD-ROMs connected to each one will be distributed to schools.

Canada's Discovery Place, (The Capital Commission of PEI Inc.), Charlottetown, PEI - \$1,434,666 - The Capital Commission will open an exhibit inside the new Canada's Discovery Place. It will offer an interactive environment that includes displays and multimedia presentations intended to entertain, as well as educate. Most of all, the exhibit will be a beacon of national pride.

Canada-Normandy Project: Juno Beach Centre, (Children's Association, 14th Field Regiment - R.C.A.), Burlington, ON - \$209,000 - This project will allow thousands of tourists from around the world to learn about Canada's efforts to defend freedom and position Canada as a leading nation in the new millennium.

The Canadian Canoe Museum and the National Symbol of Unity, (The Canadian Canoe Museum), Peterborough, ON - \$1,057,933 - The Canadian Canoe Museum will develop a new 15,000-square-foot exhibit in the museum. The exhibits will focus on the canoe as a unifying national symbol that brings Canadians together.

Canadian Francophone Games Memramcook, (Fédération de la jeunesse Canadienne-française), Memramcook, NB - \$100,000 - Memramcook will be the site of the first-ever Canadian Francophone Games. This will involve the sharing of the best and brightest in Canada's French-speaking community and will enable the group to project a dynamic image of itself, its openness and vitality.

Celebrate Mid-lennium 2000 Midland, (Mid-lennium Committee), Midland, ON -

\$126,666 - The project includes Mid-lennium Park, the community's adopted millennium flower—the pink flower—as well the millennium tree—the white spruce. The Heritage Library Building, built in 1914, will also be restored.

Celebration of the British Columbia Cowboy, (O'Keefe Ranch and Interior Heritage Society), Vernon, BC - \$5,333 - Long before the urban cowboy, there were real-life working cowboys. Now a book and travelling exhibit will capture the essence of the B.C. cowboy. Photographs will be selected that re-create the cowboy way of life.

Ceramics Millennium '99, (The George R. Gardiner Museum of Ceramic Art), Toronto, ON - \$76,333 - Organize the selection of works from 20 outstanding ceramic artists for display in Toronto and at an international symposium in Amsterdam, and Apeldoorn, Holland.

Collective echoes, (Vancouver Multicultural Society), Vancouver, BC - \$150,000 - *Collective Echoes* involves teaming emerging artists with established ones. Six public art pieces will be created in Vancouver. The units on youth advocacy, community development and project management will give the young participants the skills to see projects through from start to finish.

Collingwood's Millennium, (Corporation of the Town of Collingwood), Collingwood, ON - \$252,532 - The Millennium Overlook will provide a panorama that includes the Niagara Escarpment, Georgian Bay and Collingwood's former shipyards, and interpretive panels made of limestone depicting the work of lighthouse keepers and shipyard workers.

Commemorative Sculptures of Dena Cho Trail, (Town of Faro), Faro, YN - \$142,000 - The seven native prospectors whose discovery would lead to the world's largest lead zinc mine will be honoured in the new millennium. This will include a 50-kilometre-long trail and three sculptures. Created by local aboriginal artists, the sculptures will allow for the creative

THE TAXPAYER

expression of the native heritage.

Community-Wide World Record Attempt, (Vancouver Symphony Society), Vancouver, BC - \$129,667 - The Vancouver Symphony Orchestra aims to break three Guinness World Records at the turn of the millennium. It will amass the world's largest collection of musicians at B.C. Place Stadium.

VCommunity Watershed Stewardship Program, (Saskatchewan Wetland Conservation Corp.), Regina, SK. - \$458,000 - The six watershed areas under scrutiny will be targeted for habitat enhancement and monitoring programs.

The Darling Foundry Project, (Quartier Éphémère), Montreal, QC - \$300,000 - Quartier Éphémère will turn the Darling Foundry, a reclaimed industrial building in Montreal, into a visual arts centre for emerging creators.

Confederation Education Kits Project, (The Fathers of the Confederation Buildings Trust), Charlottetown, PEI - \$49,327 - A visually stunning story about Canada, developed into educational kits, will tell the story to elementary school students. The kits will also be available in multimedia format.

The Flight of the Passenger Pigeons, (Waterfront Trail Artists), Etobicoke, ON - \$13,614 - The Waterfront Trail Artists, along with Citizens Concerned About the Future of the Etobicoke Waterfront, will encourage approximately 2,000 students to make life-sized papier mâché replicas of the extinct passenger pigeon for display in schools and public places. Local professional artists will be employed to run bird-making workshops.

From One Millennium to the Next, (Ville de Montréal - Service de la Culture), Montreal, QC - \$298,000 - As the millennium ends Montreal will be transformed into a giant exhibit space. The exhibits will include prose, poetry and quotations showing that Montreal is a forward-looking city and a hub of cultural activity.

The Great Canadian Millennium Celebration Road Show, (The Canadian Association of Fairs and Exhibitions), Edmonton, AB - \$1,000,000 - Four identical travelling exhibits are being constructed for display at 50 Canadian venues to celebrate Canadian achievements. Following the millennial celebrations, the exhibits may be donated to museums as permanent exhibits.

The Great Millennium Wall of Canada, (Open City Productions 2002), Montreal, QC - \$300,000 - 2,000 groups Canada-

wide will be directly involved in creating murals. The 2,000 murals will travel to the provinces and will eventually become part of a national murals loan bank, accessible to all.

Greening Canada: Communities and Nature, Together, (Evergreen Foundation), Toronto, ON - \$2,853,575 - The group will encourage all Canadians to regenerate the natural environment in their cities, towns and villages, and will entice people to improve their home landscapes. The group will also be organizing 10 regional and one national conference on greening the country. There will be 100 national awards for model "Millennium Gardens."

Wenonah, A Replica of a 1907 Muskoka Steamship, (Muskoka Steamship and Historical Society), Gravenhurst, ON - \$800,000 - Replica of the first steamship to set its hull on the Muskoka Lakes, the Wenonah, will ride the waves again in the new millennium.

International Festival of the Art of the Contemporary Garden, (La Fondation des Jardins de Métis Inc.), Les Jardins de Métis Grand-Métis, QC - \$231,505 - The first international festival of the art of the contemporary garden will take place at Les Jardins de Métis, in Grand-Métis on the Gaspé Peninsula in the Lower St. Lawrence. It will recognize and showcase the scope of the art of the contemporary garden in Quebec, in Canada and abroad. At the dawn of the third millennium, the festival, which will become an annual event, will help strengthen Canada's international leadership in the field of landscaping.

International Pollution Prevention Summit, (Canadian Centre for Pollution Prevention Inc.), Sarnia, ON - \$265,169 - An inaugural international summit on pollution-prevention will be held in Montreal, Quebec. The summit will mark the single largest gathering of the best minds and ideas on pollution prevention.

Inventive Women Website, (Inventive Women Inc.), Toronto, ON - \$91,056 - Through an interactive Web site, the project will feature the accomplishments of many of Canada's most accomplished female inventors and innovators.

The Irish Settlers Memorial, (The Celtic Heritage Association for Prince Edward Island), Charlottetown, PEI - \$50,000 - The memorial's hawthorn shrubbery, "berm," or hillock, and shamrock-sprinkled lawn will be reminders of Ireland's landscape. Enclosed within the welcoming arms of a semi-circular monument will be a terrace

comprising 32 flagstones. The area, which will include granite seating, will be a place of meeting and reflection.

Leave Out Violence. (LOVE), Montreal, QC - \$1,050,000 - The LOVE program gives young people whose lives have been touched by violence, access to computers and cameras to produce and develop a series of multi-media works that depict their lives and the violence they have faced.

Lifeship 2000, (Leadership Initiative For Earth), Vancouver, BC - \$599,514 - Young people will take part in the building and sailing of a tall ship. The life story of every tree used in the ship's construction will be documented.

MacLaren-Carnegie: Catch the Spirit 2000, (MacLaren Art Centre), Barrie, ON - \$551,392 - The art centre is moving. The centre's new home is the historic Carnegie Public Library. The new MacLaren Art Centre will mark its official opening on the eve of the year 2000.

Millennium Park Proposal, (Town of Russell), Russell, MB - \$125,632 - A new Park will bring in the new millennium.

The Millennium Youth Consultation on Canada Iqaluit, (Nunavut Council for Canadian Unity), - \$335,000 - In the northern territory called Nunavut young people will meet and discuss Canada and their future.

National Tour of "Women Are Persons", (Famous 5 Foundation), Calgary, AB - \$133,000 - The national tour consists of five 26-inch-tall bronze statues representing famous women. It is a re-production of the life-sized Famous 5 monument that will be unveiled in the Olympic Plaza in Calgary on October 18, 1999. A duplicate will be unveiled on Parliament Hill on October 18, 2000.

Niagara Falls Trails and Bikeway System, (The City of Niagara Falls Trails and Bikeway Committee), Niagara Falls, ON - \$172,500 - The committee will build the Niagara Power Canal Trail because exercise is considered the best health insurance.

Northern Sculpture, (Fédération Franco-Ténoise), Yellowknife, NWT - \$62,333 - The Federation will present the City of Yellowknife with a sculpture crafted in granite, marble and rock to affirm the contribution of francophones to the Far North.

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